

Interim Report

for the six months ended 30 September 2016





Company Overview

HICL Infrastructure Company Limited ("HICL" or the "Company") is an investment company registered in Guernsey.

The Company seeks to provide investors with long-term income, at sustainable levels, and to preserve the capital value of its investment portfolio with the potential for capital growth.

As a 'buy-and-hold' equity investor, HICL is focused on managing and growing a portfolio of infrastructure investments positioned at the lower end of the risk spectrum. Its target infrastructure market segments are PPP (social and transportation projects), regulated assets (e.g. gas and electricity transmission and distribution; water utilities) and demand-based assets (e.g. toll road concessions and student accommodation). HICL's current investments are located primarily in the UK, but also in Australia, North America and Europe.

Market Information

- The first infrastructure investment company to list on the London Stock Exchange
- Member of the FTSE 250
- Market capitalisation of £2.5bn at 30 September 2016

Governance

- Independent Board comprising seven non-executive directors
- Investment management of the Company is undertaken by the Investment Adviser and Operator, InfraRed Capital Partners Limited ("InfraRed")
- InfraRed advises on, or manages, infrastructure projects representing c. US\$6.0bn of committed equity

Portfolio

- 112 infrastructure investments¹
- Long-term, highly predictable, inflation-linked revenues
- Investments are generally operational

Returns

- Total shareholder return since March 2006 IPO has been 9.7% per annum³

1. Including five investments contracted to be acquired with limited conditions to completion at 30 September 2016.

2. Based on the annual dividend target of 7.65p for FYE 31 March 2017 and the share price at 30 September 2016.

3. Based on NAV per share at 30 September 2016 plus dividends paid.

£2.5 billion
Market Capitalisation

112 investments¹
in the portfolio

4.5% cash yield²

Contents

IFC Company Overview

- 01 Highlights
- 02 Summary Financial Results
- 02 Net Asset Values
- 03 Chairman's Statement
- 06 Summary Portfolio Information
- 07 Company's Key Performance Indicators ("KPIs")
- 08 The Company's Investment Portfolio
- 09 Analysis of the Company's Investment Portfolio

10 Investment Adviser's Report

- 19 Financial Results
- 28 Consolidated Financial Statements
- 29 Directors' Statement of Responsibilities
- 30 Independent Review Report to HICL Infrastructure Company Limited
- 31 Condensed Unaudited Financial Statements
- 35 Notes to the Condensed Unaudited Financial Statements
- 48 Directors and Advisers

Highlights

for the six months ended 30 September 2016

145.7p

NAV per share

increased by 3.5p (2.5%) from
NAV per share of 142.2p at
31 March 2016

£2,189.9m

Directors' valuation¹

Value of the Company's
investment portfolio up 7.9%
in the period from £2,030.3m
at 31 March 2016

10.4%

annualised shareholder return

based on interim dividends
declared plus uplift in NAV per
share in the six month period

3.82p

aggregate quarterly dividends
declared for the first half of the
year (2015: 3.72p)

7.65p

dividend target for the year to
March 2017²

£102.5m

aggregate commitments made
for eight investments and three
incremental investments during
the period

£113.4m

equity capital raised

through an over-subscribed tap
issue in September 2016 to fund
investments and pipeline

1. A reconciliation of Directors' valuation to Investments at Fair Value on an IFRS basis is shown in Note 11.

2. This is a target only and not a profit forecast. There can be no assurance that this target will be met.

Highlights

Summary Financial Results


for the six months to	30 September 2016	30 September 2015	
Income	£86.2m	£72.3m ¹	+19.2%
Investment Basis ² Income	£99.5m	£84.4m	+17.9%
Profit before tax	£85.3m	£71.6m ¹	+19.1%
Earnings per share	6.1p	5.6p	+8.9%
Total interim dividends declared per share for the year to date	3.82p	3.72p	+2.7%

1. Comparative figure has been restated. See Note 2 for details.

2. Investment Basis is same accounting basis as applied in the 31 March 2016 annual accounts and is net of forex hedging loss of £21.7m (2015: £1.2m gain).

Net Asset Values

Net Asset Value (NAV) per share at 31 March 2016	142.2p
Interim dividends paid in period per share	(3.78)p
NAV return in the six months per share	7.3p
NAV per share at 30 September 2016	145.7p

A high-angle photograph of a multi-lane highway (A249) in the UK during sunset. The road curves through a landscape of green hills and dense vegetation. Several vehicles, including cars and large trucks, are visible traveling along the road. The sky is filled with soft, orange and yellow clouds. Two large, light-colored triangular graphic elements are overlaid on the image, one on the left and one on the right, framing the central text.

Chairman's Statement

Chairman's Statement

Introduction

I am pleased to report that the Company's robust performance has continued during the six months to 30 September 2016, with a 2.5% rise in NAV per share to 145.7p, up from 142.2p at 31 March 2016. The operational performance of the portfolio has been in line with expectations while cash generation on an Investment Basis has been slightly ahead.

Market demand for infrastructure investments in today's low interest rate environment remains very high. While this has been positive for the valuation of the Company's existing investments, many of which were acquired in a higher return environment, it is now more challenging to find value when seeking new investments.

The Board held a comprehensive two-day strategy meeting with the Investment Adviser in October, which re-affirmed the Company's acquisition strategy focused on three market segments: PPP (social and transportation projects), regulated assets (gas and electricity transmission and distribution; water utilities) and demand-based assets (e.g. toll road concessions and student accommodation). The Investment Adviser targets opportunities in these market segments that are compatible with the portfolio's positioning at the lower end of the risk spectrum.

Financial Results and Performance

With a further amendment to IFRS 10 – *Investment Entities: Applying the Consolidation Exemption (Amendments to IFRS 10, IFRS 12 and IAS 28)* issued in December 2014, and adopted by the EU in September 2016, the Company has adopted the amended reporting standard for the first time in these financial statements. This requires the Company to prepare financial statements which do not consolidate any subsidiaries that are themselves investment entities.

In order to provide clarity to stakeholders, we have prepared pro forma summary financial information on the same basis as the Company's 31 March 2016 annual accounts, which we designate the Investment Basis, to facilitate a comparison of financial performance with prior years. Further explanation is provided in the Financial Results section.

Profit before tax was £85.3m (2015: £71.6m), an increase due to the reduction in weighted average discount rates used to value the portfolio and contributions from new investments, partially offset by lower assumed deposit rates over the long term. Earnings per share were 6.1p (2015: 5.6p).

On an Investment Basis, cash received from the portfolio by way of distributions and capital repayments was £73.0m (2015: £68.3m). After operating and finance costs on an Investment Basis, net operating cash flow of £60.9m (2015: £58.9m) covered the interim dividends paid in the six month period 1.26 times (2015: 1.30 times).

The ongoing charges percentage for the period on an annualised basis was 1.08%, down from 1.12% for the year to 31 March 2016.

During the period, the Investment Adviser's Asset and Portfolio Management teams have successfully enhanced the portfolio's value, while continuing to ensure that services are appropriately delivered to our public sector clients.

The Directors have approved the valuation of £2,189.9m on an Investment Basis for the portfolio at 30 September 2016 (£2,030.3m at 31 March 2016) including £133.1m of future investment commitments (£97.4m at 31 March 2016). The Directors are satisfied with the methodology and assumptions used and as usual have taken independent third party advice on the valuation. A reconciliation of the Directors' valuation to Investments at fair value on an IFRS basis held at £2,123.3m (31 March 2016: £1,973.7m) in the Balance Sheet is shown in Note 11.

The Company's NAV per share increased by 3.5p to 145.7p, up from 142.2p at 31 March 2016. The NAV was positively affected by the reduction in the weighted average discount rate, accretive tap issuance combined with active asset and portfolio management. This was partially offset by the reduction in long-term deposit interest rates and lower inflation than our assumptions in the period. Foreign exchange hedging resulted in a net immaterial impact on NAV from the weakening of Sterling in the period.

At 30 September 2016, the portfolio consisted of 107 investments and a further five that were subject to limited conditions to completion. 83% of the portfolio by value is invested in the UK with the remainder invested in Canada, Australia, the Netherlands, France and Ireland. There are currently five investments in the portfolio under construction, which collectively constitute approximately 2% of the portfolio by value. 6% of the portfolio by value is invested in concessions with demand-based revenues.

The first quarterly interim dividend for the year to 31 March 2017 of 1.91p was paid on 30 September 2016. The second quarterly interim dividend of 1.91p was declared on 10 November 2016 and is due to be paid on 30 December 2016. The Company remains on target to deliver aggregate dividends of 7.65p per share this financial year; and the Directors have also re-affirmed the 7.85p target for the next financial year.

The Company continues to offer a scrip dividend alternative, with a number of shareholders taking advantage of the offer. Full details can be found in the "Scrip Dividend Circular 2016-17" available on the Company's website (www.hicl.com).

Acquisitions and Disposals

During the period, the Group¹ completed four investments and one incremental investment for £79.8m. Also during the period, the Group signed a contract to acquire four further investments and two incremental investments for £22.7m, which are included in the September 2016 Directors' valuation on an Investment Basis as commitments. Total investment commitments in the period were £102.5m.

The contract to acquire an interest in the A63 motorway in France remains subject to a small number of conditions outstanding and is expected to complete by Q1 2017.

1. "Group" is defined in the Accounting section of the Financial Results.

The Investment Adviser has been actively pursuing opportunities across the three target market segments identified in the Company's Acquisition Strategy. While it is still possible to source social and transportation PPP investments via relationships, regulated and demand-based assets tend to be sold via auctions. In line with our disciplined approach, careful consideration is given to choosing which assets to pursue in these market segments.

Capital Raising

The Company raised proceeds of £113.4m (before expenses) through a tap issue of 66.7m Ordinary Shares in September 2016. The issue was over-subscribed and, accordingly, was increased from its initial target size of £76m.

At the time of writing, the Company has the authority and tap capacity to issue approximately 22 million shares; stepping up to 56 million shares during December 2016.

Following the completion of £22.7m of conditional investments, expected shortly, the Company will have a funding surplus of approximately £11m.

Governance and Regulation

As in previous years, and consistent with best practice, the Directors offered themselves for re-election at the AGM on 19 July 2016 and were duly re-elected.

I am pleased to welcome Simon Holden and Kenneth D. Reid who joined the Board in July and September 2016 respectively as non-executive directors. They bring complementary skills to the Board, which is actively involved in the oversight, strategy and management of the Company and its large investment portfolio.

Having established the Company's Risk Committee in 2014, we decided in 2015 to commission advice from PricewaterhouseCoopers (PwC) to ensure that our risk policies, procedures and reporting tools remain in the top quartile of investment trusts. This has proved a useful exercise and, although existing systems are effective, we are now implementing recommendations from PwC to further improve them. We will expand on this in the Company's annual accounts.

The UK 2015 Modern Slavery Act, which has now come into force, applies to qualifying businesses with financial year ends from 31 March 2016 and requires them to report publicly steps to ensure their operations and supply chains are free of trafficking and slavery. Further details are set out in the Company's Modern Slavery Act Transparency Statement on the website.

Risks and Uncertainties

The risks to which the Company is exposed, and the strategies employed to manage and mitigate those risks, have not changed materially from those set out in detail in section 2.8 of the Company's Annual Report for the year ended 31 March 2016.

Uncertainty has been created by the EU Referendum on 23 June 2016, but the impact on the Company has been minimal to date. There has been considerable weakening of Sterling since June; but while the Company's overseas investments have strengthened in value as a result of this, the gain has been materially offset by the currency hedging employed by the Group, which is designed to mitigate the impact on the Company's NAV from foreign exchange volatility.

The consequences of the referendum result for the UK and for Europe will remain uncertain for some time. Some economic commentators have pointed towards a weakening of the UK's economic growth in the medium term and expect higher inflation in the near term. While the long-term impact (if any) of Brexit on the Company's valuation cannot yet be determined, a short-term pick-up in inflation may result in a small improvement in financial performance. It is also worth noting that the Company's investment performance is not sensitive to movements in UK GDP.

Market Developments and Outlook

High demand for infrastructure investments globally has positively impacted the valuation of the Company's existing portfolio, but it remains challenging to secure new investment opportunities at attractive prices.

The Investment Adviser selects potential new investments carefully, based on accretion tests and fit with the existing portfolio. While eight new investments were secured in the period, the Company also bid for a regulated asset (a gas distribution network) and four demand-based assets (two toll roads and two student accommodation projects). We remain disciplined on pricing and were unsuccessful on these bids, further highlighting the appetite for yield from what some commentators are now calling 'super-core' infrastructure assets.

As I have noted previously, pricing discipline in the current environment remains vital and we are likely to see more cases in which investments are being bid on terms we consider unrealistic.

The Investment Adviser is evaluating a pipeline of new investments. While the UK market continues to provide a small but steady source of potential opportunities across the Company's three target market segments, the Investment Adviser is also actively pursuing deal flow in Europe, North America and Australia/New Zealand. We are also considering other mature OECD infrastructure markets with good track records of seeking private investment in infrastructure.

Overall, the Board remains confident of the Company's outlook for the future and that the Investment Adviser's team can deliver further value to HICL through suitable, accretive acquisitions. At the same time the Company's existing portfolio is performing in line with our projections and the Investment Adviser continues to deliver incremental upside through asset-specific and portfolio-wide active asset management.



Ian Russell
Chairman
15 November 2016

Summary Portfolio Information



Company's Key Performance Indicators ("KPIs")

KPI	Measure	30 September 2016	30 September 2015
Dividends	Aggregate interim dividends declared per share for the half year	3.82p	3.72p
		Objective: A distribution of at least that achieved in the prior year Commentary: Achieved	
Total Return	NAV growth and dividends declared per share since IPO	9.7% p.a.	9.6% p.a.
		Objective: A long-term IRR target of 7% to 8% as set out at IPO ¹ Commentary: Achieved	
Cash-covered Dividends	Operational cash flow/dividends paid to shareholders which are attributable to operational investments ²	1.28x	1.34x
		Objective: Cash covered dividends Commentary: Achieved	
Inflation Correlation	Changes in the expected portfolio return for 1% p.a. inflation change	0.7%	0.6%
		Objective: Maintain positive correlation Commentary: Achieved	
Competitive Cost Proposition	Annualised ongoing charges/average undiluted NAV ³	1.08%	1.13%
		Objective: Efficient gross (portfolio) to net (investor) returns, with the intention to reduce ongoing charges where possible Commentary: Achieved	

1. Set by reference to the issue price of 100p/share, at the time of the Company's IPO in February 2006.

2. Dividend cash cover compares operational cash flow on an Investment Basis of £60.9m to dividends attributable to operational investments. The proportion of the total dividends attributable to operational investments (98.4%) and construction investments (1.6%) is based on their respective share of the Directors' valuation on an Investment Basis of the portfolio during the year.

3. Calculated in accordance with AIC guidelines. Ongoing charges excluding non-recurring items such as acquisition costs.

The Company's Investment Portfolio

at 30 September 2016

Education	Bangor & Nendrum Schools	Ealing Schools	Kent Schools	Rhondda Schools
	Barking & Dagenham Schools	East Ayrshire Schools	Manchester School	Salford & Wigan BSF Phase 1
	Boldon School	Ecole Centrale Supelec	Newham BSF Schools	Salford & Wigan BSF Phase 2
	Bradford Schools 1	Edinburgh Schools	Newport Schools	Salford Schools
	Bradford Schools 2	Falkirk Schools NPD	North Ayrshire Schools	Sheffield Schools
	Conwy Schools	Fife Schools 2	North Tyneside Schools	Sheffield BSF Schools
	Cork School of Music	Haverstock School	Norwich Schools	South Ayrshire Schools
	Croydon School	Health & Safety Labs	Oldham Schools	University of Bourgogne
	Darlington Schools	Helicopter Training Facility	Perth & Kinross Schools	West Lothian Schools
	Defence Sixth Form College	Highland Schools PPP	PSBP NE Batch	Wooldale Centre for Learning
	Derby Schools	Irish Grouped Schools	Renfrewshire Schools	
Health	Barnet Hospital	Doncaster Mental Health Hospital	Oxford Churchill Oncology	South West Hospital Enniskillen
	Birmingham Hospitals	Ealing Care Homes	Oxford John Radcliffe Hospital	Staffordshire LIFT
	Birmingham & Solihull LIFT	Glasgow Hospital	Pinderfields & Pontefract Hospitals	Stoke Mandeville Hospital
	Bishop Auckland Hospital	Hinchingbrooke Hospital	Queen Alexandra Hospital	Tameside General Hospital
	Blackburn Hospital	Irish Primary Care Centres	Redbridge & Waltham Forest LIFT	West Middlesex Hospital
	Blackpool Primary Care Facility	Lewisham Hospital	Romford Hospital	Willesden Hospital
	Brentwood Community Hospital	Medway LIFT	Salford Hospital	
	Brighton Hospital	Newton Abbot Hospital	Sheffield Hospital	
	Central Middlesex Hospital	Nuffield Hospital	Southmead Hospital	
Fire, Law & Order	Addiewell Prison	Gloucester Fire & Rescue	Northern European Project (details subject to NDA)	Tyne & Wear Fire Stations
	Dorset Fire & Rescue	Greater Manchester Police Stations	Royal Canadian Mounted Police HQ	Zaanstad Prison
	D & C Firearms Training Centre	Medway Police	South East London Police Stations	
	Exeter Crown and County Court	Metropolitan Police Training Centre	Sussex Custodial Centre	
Transport	A13 Road	A92 Road	Kicking Horse Canyon P3	N17/N18 Road
	A249 Road	Connect PFI	M1-A1 Road	NW Anthony Henday P3
	A63 Motorway	Dutch High Speed Rail Link	M80 Motorway DBFO	RD901
Accommodation	Allenby & Connaught MoD Accommodation	Home Office	Northwood MoD HQ	University of Sheffield Accommodation
	AquaSure Desalination Plant	Miles Platting Social Housing	Oldham Library	
	Health & Safety Headquarters	Newcastle Libraries	Royal School of Military Engineering	

KEY:

Portfolio as at
31 March 2016

New investment since
31 March 2016

Contracted to acquire

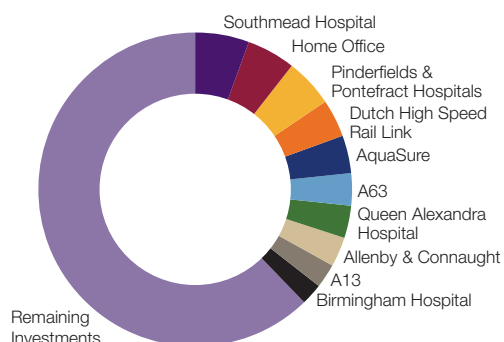
Incremental stake acquired
since 31 March 2016

Incremental stake committed

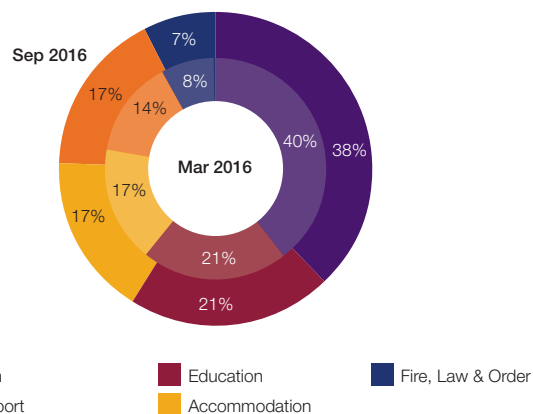
Analysis of the Company's Investment Portfolio

at 30 September 2016

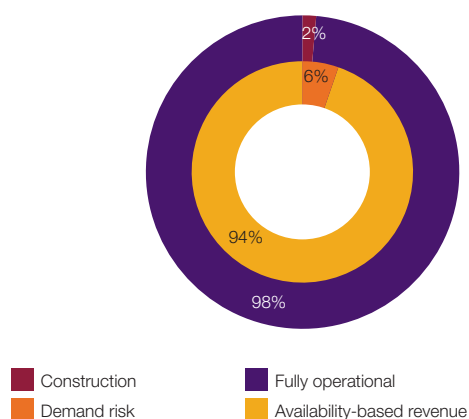
Ten Largest Investments



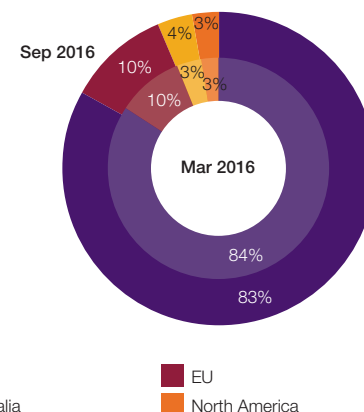
Sector



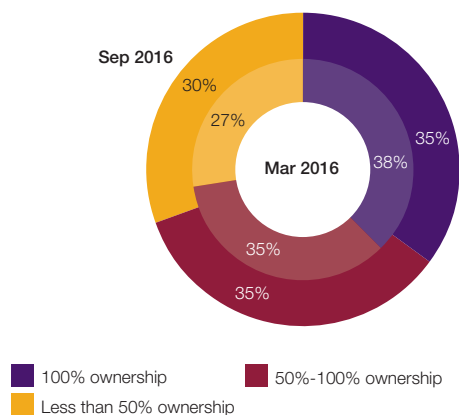
Investment Status



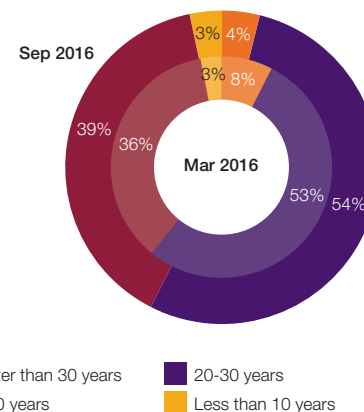
Geographic Location



Ownership Stake



Concession Length Remaining





Investment Adviser's Report

Investment Adviser's Report

The Investment Adviser

InfraRed Capital Partners Limited ("InfraRed") acts as the Company's Investment Adviser and Operator in respect of the origination of new investments and the oversight of the Company's investment portfolio on a day-to-day basis. InfraRed, an independent investment management firm, is authorised and regulated by the Financial Conduct Authority and has been the Investment Adviser since inception, having sourced and developed the original seed portfolio which was acquired at the time of the Company's listing.

Portfolio Developments

Financial performance

The overall portfolio operational performance has successfully delivered investment cash flow receipts on an Investment Basis of £73.0m (2015: £70.0m), despite minor, project-level issues. Net operating cash flows after finance and operating costs on an Investment Basis were £60.9m (2015: £58.9m). Dividend coverage for the period was 1.26 times (2015: 1.30 times).

Profit before tax increased from £71.6m to £85.3m. This was principally due to a 0.2% reduction in the weighted average discount rate used to value the portfolio and contributions from new investments which more than offset the negative impact of lower long-term deposit interest rates and actual inflation in the period below our valuation assumption.

Operational Performance

The Company currently has 112 infrastructure investments, including five commitments that are subject to limited conditions to completion, being the four new commitments signed in the period and the commitment to acquire an interest in the A63 motorway. 83% of the portfolio by value is invested in the UK, 10% in the EU, 4% in Australia and 3% in North America.

With the successful construction completion of the Priority Schools Building Programme North East Batch in the period, the Group now has five projects in their construction phase at 30 September 2016, accounting for approximately 2% of the portfolio by value. At 30 September 2016, 6% of the portfolio by value was attributable to three assets with revenues linked to demand from end-users. Two of these assets are road projects (4% of the portfolio by value) that have revenues that are correlated to GDP.

The performance of the Company's portfolio is reviewed in detail by the Investment Adviser on a quarterly basis. In aggregate, the Company's investments continue to perform as expected. Some projects experience operational challenges and have on occasion incurred deductions. These are usually reclaimed from the relevant sub-contractors but deductions have occasionally adversely impacted the Company's investment cashflows. On a portfolio basis, the impact of these deductions has been immaterial.

A date in 2017 has been set for a trial in the commercial court to resolve a dispute, which has been previously reported, between one of the Group's project companies and the construction subcontractor. The dispute revolves around construction defects on one of the Group's transportation assets (a road). While hopeful of a settlement prior to the case going to formal trial, the Investment Adviser remains confident in the project company's commercial position. The final outcome is not expected to have a material impact on the portfolio.

As previously reported, the public sector client on one of the Group's schools projects had stated its intention to serve a voluntary termination notice on the project. This notice has now been served and all parties are working to bring the concession to an end in early 2017. Under the terms of the project agreement, the Group is entitled to be paid market value for its investment as compensation for no longer being able to receive ongoing distributions from the project.

InfraRed's Portfolio and Asset Management teams continue to pursue value initiatives, especially with the more recent acquisitions. Successes in the period include work on the release of unutilised lifecycle cash reserves, the management of a competitive insurance portfolio and progressing variations on a number of projects.

Since the period end, a major variation to the Allenby & Connaught project has been signed. The UK Government has agreed approximately £680m of new capital expenditure to create more than 2,600 bed spaces, along with new and improved technical, office, catering, retail and leisure facilities. The new infrastructure is scheduled for completion by 2020 and will support forces returning from Germany under the UK Government's Army Basing Programme. It will mean that all British Army units currently based in Germany can return to the UK, resulting in significant savings for the Ministry of Defence. The project company will continue to receive availability payments from the existing Allenby & Connaught facilities, with some incremental value created by the management of delivery of the new facilities.

Acquisitions and Disposals

During the period, the Group completed four investments and one incremental investment, as follows:

- The acquisition of a 30% interest in the M1-A1 Link Road (Lofthouse to Bramham) DBFO Road Project for £14.5m. The project is a 30 year shadow toll concession for the design, construction, financing, operation and maintenance of a motorway linking the M1, M621 and M62 motorways to the south of Leeds and the A1(M) south of Wetherby. The project reached financial close in March 1996 and the concession is due to end in March 2026.
- A 60% shareholding in the Ireland Primary Care Centres Project. The total investment by the Group was €11.6m, which includes a commitment to invest €9.5m in 2018. The construction cost for the project is approximately €145m. Construction is scheduled to take 27 months. The project is a 26 year concession for the design, construction, financing and maintenance of 14 primary care centres across Ireland. New facilities will be built in Dublin, as well as at locations across Ireland.
- The acquisition of a 37.5% interest in the Hinchingsbrooke Hospital Project in April. The project is a 31-year concession which involves the design, construction, financing, maintenance and operation of a two storey 8,500m² diagnostic and treatment centre situated adjacent to the existing Hinchingsbrooke District General Hospital. The project has been fully operational since October 2005. In June, a subsequent incremental investment was made increasing the Group's indirect ownership from 37.5% to 75%. The total consideration paid for the two investments was £5.3m.

- The acquisition of a portion of the Road Management Services (A13) PLC 2028 Index-Linked Guaranteed Secured Bonds for £50.1m in September. The project is part of a 30-year concession to design, build, finance and operate a 20km section of the A13 road on behalf of Transport for London. The bonds benefit from a guarantee from the monoline MBIA for all payments of interest and principal. The bonds are a senior secured debt investment, with direct RPI-linkage, and are expected to deliver a total return of circa 7% p.a.

Also during the period, the Group signed a contract, subject to limited conditions, to acquire four further investments and two incremental investments from HOCHTIEF PPP Solutions GmbH, which are included in the 30 September 2016 Directors' valuation as commitments. They are as follows:

- New investments in four operational schools: a 20.4% interest in Bangor and Nendrum schools, a 25.5% interest in East Ayrshire schools, a 25.5% interest in North Ayrshire Schools and a 25.5% interest in Salford Schools. These are to design, build, finance and operate schools over concessions ranging between 27 and 32 years.
- Incremental investments in interests of 25.5% each in both Manchester School and Cork School of Music, two of HICL's existing assets, which brings the total interests for HICL Group in these two projects to 75.5%.

The total consideration for all the investments detailed above is £102.5m.

As previously reported, the Company signed a conditional contract to acquire an investment in the A63 Motorway project in the south of France in February 2016. It is still expected that the outstanding conditions will be met by early 2017, allowing the acquisition to complete. The investment is included in the Directors' valuation of the portfolio at 30 September 2016.

No disposals were made during the period.

Risks and Uncertainties

Each quarter the Board and its Risk Committee review the risk appetite of the Company. The implementation of an enhanced risk management and reporting framework, following a review by PwC in 2015, is progressing and more detail will be provided in the annual accounts. The key risks and the strategies employed to manage and mitigate those risks have not changed materially from those set out in detail in section 2.8 of the Company's Annual Report for the year ended 31 March 2016.

Operational Risks

Operational performance has been in line with expectations and investment cash flows received from the portfolio have been slightly ahead of projections. As previously reported, a small number of UK public sector clients in the PPP market continue to implement their contracts strictly, with some alleging asset-wide defects and making material payment deductions.

The impact to the Group's portfolio from this behaviour is currently immaterial, but if matters deteriorate and are not resolved satisfactorily, it could lead to the impairment in value of projects with these issues. The Investment Adviser is working actively to resolve these operational disagreements and remains cautiously optimistic that the necessary measures will be implemented as required by the contracts without any material loss to the Group.

UK's Vote to Leave the EU

The UK's vote on 23 June 2016 to leave the EU has resulted in political and economic uncertainty, together with consequent market volatility. The full implications of 'Brexit' are difficult to assess, with the process of negotiations around the UK's future relationship with the EU yet to unfold.

The post-Brexit depreciation of Sterling may cause overseas investments to become more expensive relative to valuations using historic foreign exchange rates. The Group's policy is to hedge such that NAV movement is limited to 1% for a 10% movement in FX rates.

In terms of macroeconomic impact, consensus forecasts are for short-term inflationary pressure in the UK, although medium term prospects for both inflation and growth are more uncertain. Higher inflation in the short term will benefit the valuation of the portfolio but will have limited effect on the Group's short-term cashflows; and, similarly, the Group's financial performance is not sensitive to changes in GDP.

Base Erosion Profit Sharing

In March 2016 a further consultation document was published by HMRC on the OECD's Base Erosion Profit Shifting (BEPS) initiative, to which the Company and the Investment Adviser submitted responses in August 2016. If the draft proposals are implemented in their current form, they are not expected to materially impact the Company. Nonetheless, it is necessary to continue to monitor the situation and participate alongside industry peers in the consultation process such that sufficient profile continues to be given to the impact of BEPS on private sector infrastructure investment generally.

Investment Priorities

The Board and the Investment Adviser reviewed HICL's Acquisition Strategy and priorities at a two-day Board meeting held in early October. The Acquisition Strategy was re-affirmed with a focus on three infrastructure market segments, all of which offer investment opportunities at the lower end of the risk spectrum. They are:

- PPP (social and transportation projects),
- Regulated assets (e.g. gas and electricity transmission and distribution; water utilities), and
- Demand-based assets (e.g. toll road concessions and student accommodation).

Market Developments

Supply and Demand

Demand for core infrastructure investments continues unabated. This is creating a demand and supply imbalance, driving up valuations of infrastructure investments further. Investors are willing to accept lower returns from investments in the current economic climate.

While the Investment Adviser has been successful to date in sourcing new investments off-market from relationships, this is becoming more difficult as market conditions encourage vendors increasingly to use auction processes. In auctions, bidders are often using more optimistic cash flow assumptions to reach the price necessary to win.

PPP projects

PPP investments remain an important source of new investment pipeline. However, in the UK, public sector procurement has slowed materially over a number of years, although there is some optimism that the Autumn Statement may reverse this trend. Overall deal flow both in the UK and internationally remains uneven. In the short term, the Investment Adviser expects PPP procurement to stay subdued in the UK, EU, North America and Australia.

Consistent with HICL's track record of retaining some exposure to construction risk-reward in the PPP market segment, the Company is considering greenfield investments in Europe, Australia/New Zealand and North America (where the Company was recently shortlisted on two PPP projects in the USA).

Regulated assets

Investments with regulatory price controls can provide the portfolio with attractive, value accretive opportunities, particularly in relation to inflation linkage, longevity and yield. The market segment overall is attractive as opportunities are typically not correlated to GDP and are compatible with the Company's position at the lower end of the risk spectrum.

In the period the Company, as part of a consortium, was narrowly beaten on the acquisition of an investment in a UK gas distribution business. Opportunities in the gas, electricity and water sectors come up for sale from time to time in the UK, Europe and North America: if an opportunity is attractive, the Company will consider bidding.

In relation to the UK Offshore Transmission Owner (OFTO) programme, the consortium of which the Company is a member was shortlisted on Tender Round 4 (TR4), being the opportunity to bid for the transmission assets of the Burbo Bank Extension wind farm. The Company also intends to submit qualifications for both phases of TR5.

Demand-based assets

During the period, and since the period end, the Company has seen a number of opportunities to invest in demand-based infrastructure, where revenues are linked to usage of the underlying assets by end-users. Examples of sectors in this market segment are toll roads (in Europe and the USA) and student accommodation. The attractive features of these investments include long concession lives and good inflation-linkage.

The Company has been actively bidding for operational toll road opportunities, where end-user demand is proven, in Europe and North America. Two recent bids were unsuccessful but useful market data has been gained. Further toll road opportunities are currently being considered, however, the Company's overall appetite for toll road exposure is limited: although they offer accretion through long duration concessions and inflation linkage, the assets are also typically correlated to regional or national GDP.

In the student accommodation sector, the Company continues to seek on-campus projects in partnership with universities. During the period the Company was unsuccessful on greenfield bids in both UK and Australia, however other initiatives are currently underway in both countries.

Valuation and Discount Rates

InfraRed, as the Investment Adviser, is responsible for preparing the fair market valuation of the Company's investments which is presented to the Directors for their approval and adoption. The valuation is carried out on a six monthly basis at 31 March and 30 September each year, with the result, the assumptions used and the key sensitivities (see below) published in the interim and annual results.

As mentioned in the Chairman's Statement, the Directors, who are ultimately responsible for the valuation, receive an independent third party report and opinion on this valuation.

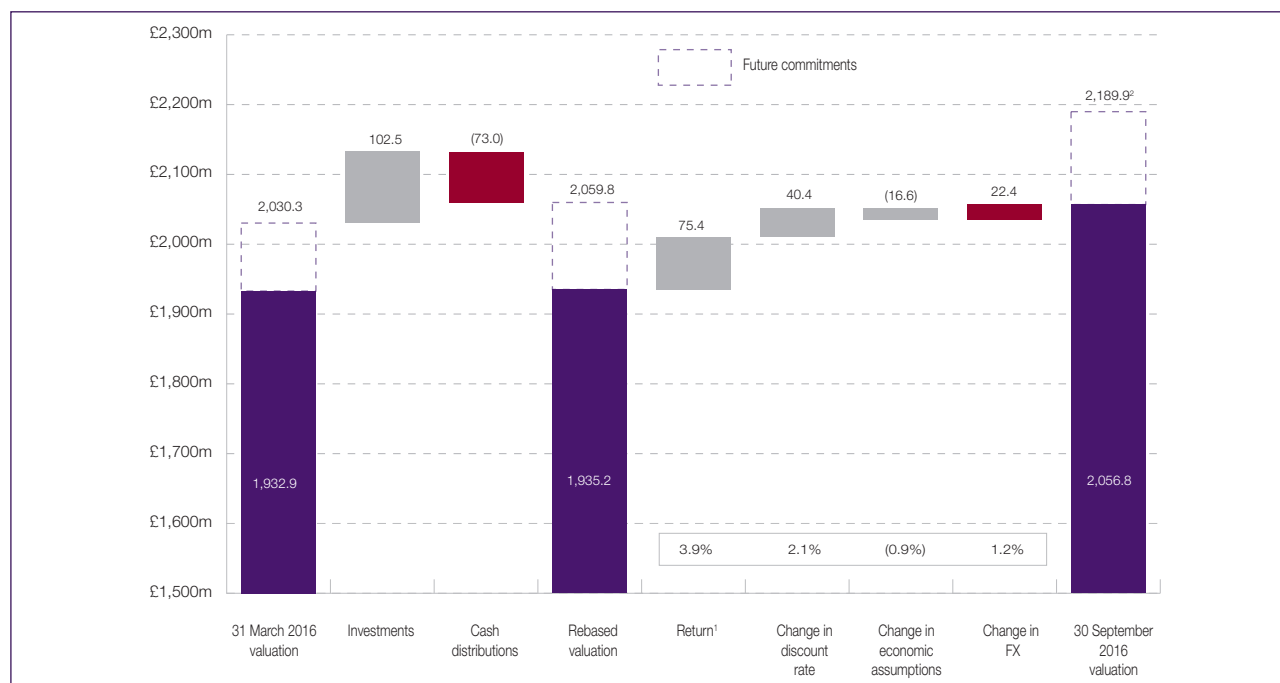
As the Company's investments are mainly in non-market traded investments, with underlying projects providing long-term contractual income and costs, the valuation principles used are based on a discounted cash flow methodology, adjusted in accordance with the European Venture Capital Association's valuation guidelines where appropriate to comply with IAS 39 and IFRS 13, given the special nature of infrastructure investments. The exception to this is the listed senior debt in the A13 road project which is valued at the quoted market price of the bonds.

This is the same method used at the time of launch and for each subsequent six month reporting period. Further details can be found in the 2015-16 Annual Results and the February 2013 Ordinary Share prospectus, both of which are available from the Company's website.

The Directors' valuation of the portfolio on an Investment Basis at 30 September 2016 is £2,189.9m, compared to £2,030.3m at 31 March 2016, up 7.9%. This includes £133.1m of future investment commitments (£97.4m at 31 March 2016).

Investment Adviser's Report *(continued)*

A breakdown of the growth in the Directors' valuation is tabled below:



1. "Return" comprises the unwinding of the discount rate and project performance.

2. Future commitments at 30 September 2016 were £133.1m.

Valuation blocks (purple) have been split into investments at fair value on an Investment Basis and future commitments. The percentage movements have been calculated on investments at fair value as this reflects the returns on the capital employed in the period.

Investments at fair value in the IFRS balance sheet have increased from £1,973.7m to £2,123.3m and include the fair value of the Fund Subsidiaries (as defined in 'Financial Results' below). A reconciliation of the Directors' valuation to Investments at fair value can be found in Note 1 to the Unaudited Pro Forma Balance Sheet in the Financial Results section.

Valuation Movements during the six months to 30 September 2016	£'m	As % of rebased valuation
Directors' valuation at 31 March 2016	2,030.3	
Investments	102.5	
Cash receipts from investments	(73.0)	
Less future commitments	(124.6)	
Rebased valuation of the portfolio	1,935.2	
Return	75.4	3.9%
Change in discount rates	40.4	2.1%
Changes in economic assumptions	(16.6)	(0.9%)
Forex movement on Euro, AUD\$ & CAD\$	22.4	1.2%
		6.3%
Future commitments	133.1	
Directors' valuation at 30 September 2016	2,189.9	

After taking into account acquisitions and cash distributions in the period of £73.0m, the growth over the rebased valuation of £1,935.2m at 31 March 2016 was 6.3%. The increase is driven by the return of £75.4m from the portfolio, the majority of which was generated by the unwinding of the discount rate. This was complemented by positive contributions from value accretive acquisitions in previous periods and various cost savings and efficiencies net of an adverse impact of actual inflation in the period lower than the 2.75% p.a. forecast assumption.

Further growth of £40.4m was derived from a 0.2% reduction in the weighted average discount rate. This was partly offset by the reduction in long-term deposit interest rates decreasing the valuation by £16.6m. For non-UK investments, foreign exchange gains attributable to the depreciation of Sterling were £22.4m. At Group level, the net foreign exchange gain is reduced to £0.7m as a result of losses from the Group's forex hedging contracts.

Fair value for each unlisted investment is derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts, and an appropriate discount rate. We exercise our judgment in assessing the expected future cash flows from each investment based on the detailed concession life financial models produced by each Project Company, as amended to reflect known or expected changes to future cashflows.

Discount rates

The discount rates used for valuing each infrastructure investment are based on the appropriate long-dated government bond and a risk premium. The risk premium takes into account risks and opportunities associated with the project earnings (e.g. predictability and covenant of the concession income), all of which may be differentiated by project phase, and market participants' appetite for these risks.

We use our judgement in arriving at the appropriate discount rate. This is based on our knowledge of the market, taking into account intelligence gained from bidding activities, discussions with financial advisers knowledgeable in our markets and publicly available information on relevant transactions.

Country	30 September 2016			31 March 2016 Discount rate	Movement
	Government bond yield	Risk premium	Discount rate		
UK	1.4%	5.9%	7.3%	7.5%	(0.2%)
Australia	2.1%	5.2%	7.3%	7.9%	(0.6%)
Eurozone	0.6%	7.2%	7.8%	7.8%	(0.0%)
North America	1.6%	5.4%	7.0%	7.1%	(0.1%)
Weighted average for the Portfolio	1.4%	5.9%	7.3%	7.5%	(0.2%)
Range			6.5%-9.9%	7.0%-10.1%	

The risk premium for each country is derived from the market discount rate for an operational infrastructure investment less the appropriate long-term government bond yield. Government bond yields generally are currently low and this is reflected in higher country risk premia, which include a buffer to allow for increases from these historically low yields.

The relatively large movement shown for the discount rate for Australia is driven by a re-appraisal of the value of the AquaSure project following a sale by a co-shareholder of their investment during the period. The price on a pro-rata basis was materially higher than the value we ascribed to the Group's investment at 31 March 2016.

As outlined earlier in the report, the competitive dynamics seen in the market place continue to place downward pressure on discount rates. This has resulted in a 0.2% reduction in the weighted average discount rate in the period.

Valuation Assumptions

		30 September 2016	31 March 2016
Inflation¹ (p.a.)	UK (RPI ² and RPIx ²)	2.75% p.a.	2.75% p.a.
	Eurozone (CPI)	1.0% p.a. until 2018, 2.0% p.a. thereafter	1.0% p.a. until 2018, 2.0% p.a. thereafter
	Canada (CPI)	2.0% p.a.	2.0% p.a.
	Australia (CPI)	2.5% p.a.	2.5% p.a.
Deposit Rates (p.a.)	UK	1.0% p.a. to March 2020, 2.0% p.a. thereafter	1.0% p.a. to March 2020, 2.5% p.a. thereafter
	Eurozone	1.0% to 2020, then 2.0% p.a. thereafter	1.0% p.a. to March 2020, 2.5% p.a. thereafter
	Canada	1.0% to 2020, then 2.0% p.a. thereafter	1.0% p.a. to March 2020, 2.5% p.a. thereafter
	Australia	2.6% p.a. with a gradual increase to 3.0% long-term	2.6% p.a. with a gradual increase to 3.0% long-term
Foreign Exchange Rates	CAD/GBP	0.59	0.54
	EUR/GBP	0.87	0.79
	AUD/GBP	0.59	0.53
Tax Rates (p.a.)	UK	20% to March 2017, 19% to March 2020, 18% thereafter	20% to March 2017, 19% to March 2020, 18% thereafter
	Eurozone	Various (no change)	Various (no change)
	Canada	26%/27% (territory dependent)	26%/27% (territory dependant)
	Australia	30%	30%

1. Some project income fully indexed, whilst some partially indexed.

2. Retail Price Index and Retail Price Index excluding Mortgage Interest Payments.

- The Directors' valuation assumes long-term UK inflation of 2.75% p.a. for both RPI and RPIx, the same assumption as used at 31 March 2016. The October 2016 forecasts for RPI out to December 2017 range from 0.7% to 4.4% from 21 independent forecasters, as compiled by HM Treasury, with a median forecast of 3.2%.

The social and transportation projects in the portfolio have contractual income streams with public sector clients which are rebased every year for the change in inflation. The projects' revenues are either partially or totally indexed (depending on the contract and the nature of the project's financing). Facilities management sub-contracts have similar indexation arrangements.

Changing the assumption for future inflation by +/- 1% per annum (i.e. +/- 1.00% on 2.75% for the UK investments) has the effect of increasing/decreasing, respectively, the forecast return from the portfolio (being 7.3% the weighted average discount rate) by approximately 0.7%.

- The Directors' valuation assumes UK deposit interest rates are 1% p.a. to March 2020 and 2.0% p.a. thereafter. The long term deposit rate assumption is 50bps lower than that used in the March 2016 valuation.

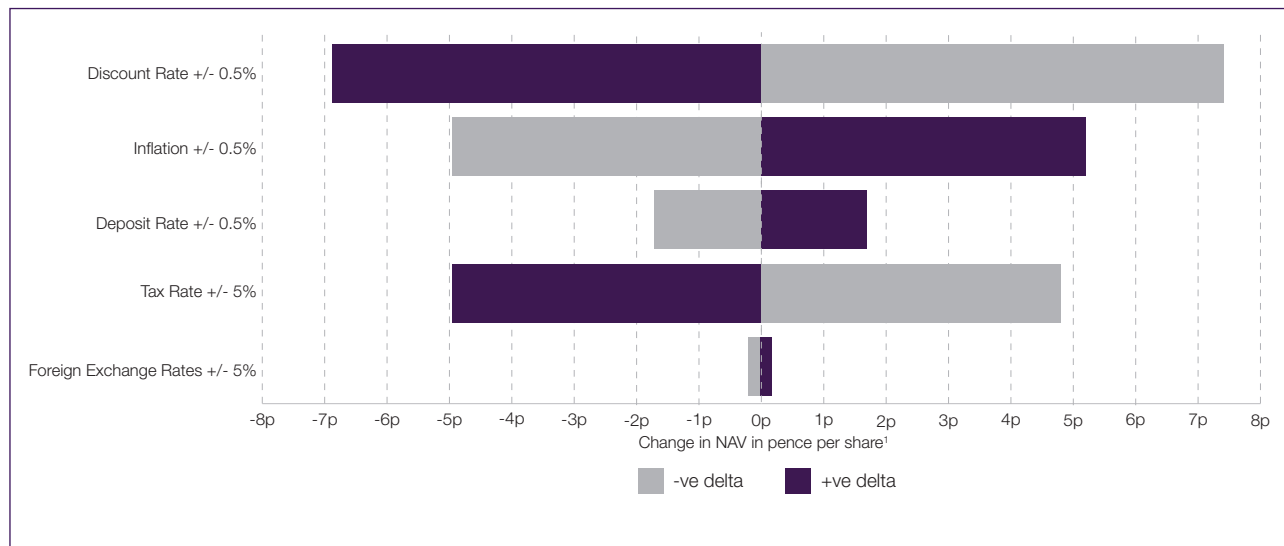
Each project in the portfolio has cash held in bank deposits, which is a requirement of its senior debt financing. At 30 September 2016, cash deposits for the portfolio were earning interest at a rate of 0.4% p.a. on average.

The interest costs on the senior debt financing of each project are either inflation-linked or fixed rate. This is achieved through fixed rate or inflation-linked bonds, or bank debt which is hedged with an interest rate swap. A project's sensitivity to interest rates therefore relates only to the cash deposits required to be maintained as part of the project funding.

- The profits of each UK project company are subject to UK corporation tax. The corporation tax assumptions applied in the 30 September 2016 valuation are unchanged from those used in the 31 March 2016 valuation. A further reduction in the UK corporation tax rate to 17% in 2020 has been enacted but not taken into account in this valuation.

Valuation Sensitivities

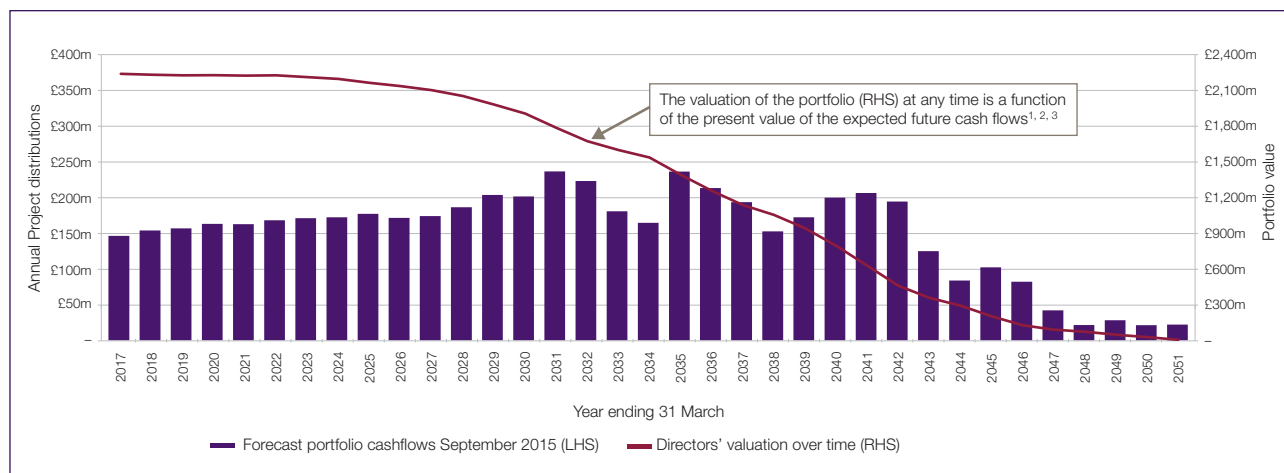
Changing the key assumptions by plus or minus 0.5% (or 5.0% in the case of tax rates and foreign exchange rates) has the following effect on the NAV per share:



1. Analysis is based on the 20 largest investments, which is extrapolated for the whole portfolio. Foreign exchange rate sensitivity is net of current Group hedging.

Future Cashflows

The chart below sets out the expected future cashflows to be received by the Company from the portfolio at 30 September 2016 and how the portfolio's value is expected to evolve over time using current forecasts and assumptions.



1. The chart represents a target only and is not a profit forecast. There can be no assurance that this target will be met.
2. The valuation assumes a Euro to Sterling exchange rate of 0.87, a Canadian dollar to Sterling exchange rate of 0.59, an Australian dollar to Sterling exchange rate of 0.59 and a weighted average discount rate of 7.3% p.a.. These assumptions and the valuation of the current portfolio may vary over time.
3. The cashflows and the valuation are from the portfolio of 112 investments at 30 September 2016 and do not include other investments or liabilities of the Company, and assume that during the period illustrated above (i) no new investments are purchased, (ii) no existing investments are sold and (iii) the Company suffers no material liability to withholding taxes, or taxation on income or gains.

The chart shows the steady, long-term nature of the cashflows from the portfolio, coupled with a stable valuation to 2030. From 2030, based on current forecasts, the portfolio will move into a repayment phase during which cash receipts from the portfolio will be paid to the Company's shareholders and the valuation reduces as projects reach the end of their concession term, assuming that the proceeds are not invested in new investments, until 2051 when the last concession ends.

Financing

The Company's financing strategy involves the use of a £200m revolving credit facility to fund new acquisitions, to provide letters of credit for future investment obligations and, if appropriate, to provide a prudent level of debt for the portfolio to improve the operational gearing. This acquisition financing is then repaid through tap issuance or, where the annual tap capacity limit of 10% of shares in issue is fully utilised, through the issue of new shares accompanied by a full prospectus.

In September, the Company raised £113.4m of gross proceeds through a tap issuance of 66.7m shares. The issue was oversubscribed and so the Directors determined to increase the size from its initial target of £76m in light of the Company's contracted commitments and anticipated investment opportunities. The issue price of 170.0 pence per share was a narrow discount to the then prevailing market price and represented a premium to net asset value per share. As with prior issues, it was therefore value accretive to shareholders.

As noted in the Chairman's Statement, following the completion of £22.7m of conditional investments (expected shortly) the Company will have a net funding surplus of approximately £11m. At 15 November 2016, the Company had unutilised tap capacity of 22m shares, increasing to 56m shares in December 2016.

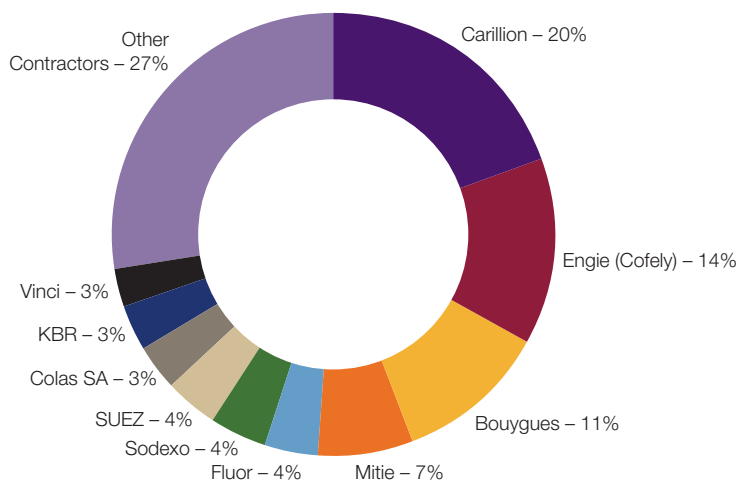
There continues to be good take-up of the scrip dividend alternative by shareholders, with approximately 1.6m new Ordinary Shares being issued in June and a further 1.0m shares at the end of September for the first quarterly interim dividend.

Every project in the portfolio has project-specific debt in place. All are long-term debt financing, with the exception of AquaSure which requires refinancing, in a series of tranches, to meet its business plan. At 30 September 2016 the weighted average project concession length remaining was 20.8 years (31 March 2016: 21.5 years) and the weighted average debt tenor was 19.5 years (31 March 2016: 19.5 years), excluding AquaSure and the A13 senior bonds.

Counterparty Exposures

The Company has a broad, diversified range of facilities management companies with which it has service supply contracts at individual project level.

Spread of key contractors providing operational services to projects in the portfolio



1. By value, at 30 September 2016, using Directors' Valuation, excluding A13 senior bonds.
2. Ten largest exposures shown.
3. Where a project has more than one operations contractor in a joint and several contract, the better credit counterparty has been selected (based on analysis by the Investment Adviser).
4. Where a project has more than one operations contractor, not in a joint and several contract, the exposure is split equally among the contractors, so the sum of the pie segments equals the Directors' Valuation.
5. At 30 September 2016, there were five projects in the portfolio in construction, representing 2% of the portfolio by value.

On a regular basis, we review and report to the Board on the portfolio's counterparty exposure to both the operational supply chain, and the providers of bank deposit accounts and interest rate swaps. In the period, the review processes have not identified any significant counterparty concerns for any of the portfolio's main facilities management contractors. The largest exposure by value at 30 September 2016 was to Carillion plc and its subsidiaries.

Financial Results



Pharmacy
Waiting
Room +

Pharmacy

Children's Unit Outpatients

Financial Results

Accounting

The Company applies IFRS 10, 11 and 12 as well as Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27. A further amendment to IFRS 10 – *Investment Entities: Applying the Consolidation Exemption (Amendments to IFRS 10, IFRS 12 and IAS 28)* as issued in December 2014 has been adopted by the Company for these financial statements following adoption of the amendment by the EU in September 2016. This requires the Company to prepare IFRS financial statements which do not consolidate any subsidiaries that are themselves investment entities.

This has resulted in a change from the March 2016 Consolidated Financial Statements in which the Company consolidated the results of HICL Infrastructure S.a.r.l. 1, HICL Infrastructure S.a.r.l. 2 and Infrastructure Investments Limited Partnership (together the “Fund Subsidiaries”) as under the current IFRS basis the Fund Subsidiaries can no longer be consolidated.

The Company and its Fund Subsidiaries together form the Group.

The adoption of the latest IFRS 10 Amendments has not changed the NAV per share or earnings per share compared to the previous approach used for the March 2016 Annual Report.

The Company and its advisers have concluded that in order to continue reporting the most relevant financial performance and position to stakeholders, the Company will prepare pro forma summary financial information on the basis that the Company consolidates the results of the Fund Subsidiaries. This basis we designate the Investment Basis and presents the financial information in the same manner as previously in the March 2016 Consolidated Financial Statements. In particular they provide shareholders with further information regarding the Group’s gearing and expenses, coupled with greater transparency in the Company’s capacity for investment and ability to make distributions.

A reconciliation between the summary financial information prepared on the Investment Basis below and the results of the Company included in the Financial Statements on pages 31 to 34 under IFRS can be found in the Pro Forma Statements on pages 25 to 27.

Investment Basis financial statements

Investment Basis Summary Income Statement

	Six months to 30 September 2016			Six months to 30 September 2015		
	Investment Basis £million	Consolidation adjustments £million	IFRS Basis £million	Investment Basis £million	Consolidation adjustments £million	IFRS Basis £million
Total income ¹	99.5	(13.3)	86.2	84.4	(12.1)	72.3
Expenses & finance costs	(13.9)	13.0	(0.9)	(12.7)	12.0	(0.7)
Profit/(loss) before tax	85.6	(0.3)	85.3	71.7	(0.1)	71.6
	(0.3)	0.3	–	(0.1)	0.1	–
Earnings	85.3	–	85.3	71.6	–	71.6
Earnings per share	6.1p	–	6.1p	5.6p	–	5.6p

1. Includes forex hedging loss of £21.7m (2015: £1.2m gain).

On an Investment Basis, Total Income of £99.5m (2015: £84.4m) represents the return from the portfolio recognised as income comprising dividends, sub-debt interest and valuation movements. Total Income has increased by 18% (£15.1m) reflecting a 0.2% reduction in the weighted average discount rate and contributions from new acquisitions partially offset by a 0.5% reduction in long-term deposit rates. Further detail on the valuation movements is given in the Investment Adviser’s Report.

On an IFRS basis, both Total Income and Fund expenses are lower than the Investment Basis as they do not include expenses incurred by the Fund Subsidiaries. Total Income of £86.2m (2015: £72.3m) comprises interest income received by the Company and valuation movements in its investments.

Foreign exchange movements have not materially impacted profits as a £22.4m foreign exchange gain (2015: £6.2m loss) on revaluing the non-UK assets in the portfolio using September 2016 exchange rates has been offset by £21.7m (2015: £1.2m gain) foreign exchange hedging losses.

Earnings on an Investment Basis and IFRS basis were £85.3m, an increase of £13.7m against the prior period. This reflects the factors stated above whilst Group expenses and finance costs were higher at £13.9m compared with £12.7m in the comparable period, reflecting acquisition activity and the growth in the portfolio. Earnings per share were 6.1p (2015: 5.6p).

A reconciliation between the Investment Basis Income Statement and the Condensed Unaudited Income Statement of the Company can be found on page 25.

Investment Basis Cost Analysis

	Six months to 30 September 2016 <i>£million</i>	Six months to 30 September 2015 <i>£million</i>
Interest expense	1.0	1.0
Investment Adviser fees	10.9	10.3
Auditor – KPMG – for the Group	0.2	0.1
Directors' fees & expenses	0.2	0.2
Acquisition bid costs	1.0	0.4
Professional fees	0.5	0.6
Other expenses	0.1	0.1
Expenses & finance costs	13.9	12.7

Total fees accruing to InfraRed Capital Partners Limited (the Investment Adviser) were £10.9m (2015: £10.3m) for the period, comprising the 1.1% p.a. management fee for assets up to £750m, 1.0% for assets above £750m, 0.9% for assets above £1.5bn and 0.8% for assets above £2.25bn, a 1.0% fee on acquisitions made from third parties, and the £0.1m p.a. advisory fee.

The increase in the Investment Adviser's fees is due to increased fees from a larger portfolio and includes acquisition fees of £0.8m (2015: £1.1m).

In the period, the Group incurred £1.0m of third party bid costs (2015: £0.4m) on bids (mainly legal, technical and tax due diligence) which did not lead to an acquisition in the period.

Neither the Investment Adviser nor any of its affiliates receives other fees from the Group or the Group's portfolio of investments.

On an IFRS basis, expenses and finance costs were £0.9m (2015: £0.7m) which exclude those incurred by the Fund Subsidiaries.

Financial Results *(continued)*

Investment Basis Ongoing Charges

	Six months to 30 September 2016 <i>£million</i>	Six months to 30 September 2015 <i>£million</i>
Investment Adviser ¹	10.1	9.2
Auditor – KPMG, for the Group	0.2	0.1
Directors' fees and expenses	0.2	0.2
Other ongoing expenses	0.6	0.6
Total expenses	11.1	10.1
Average NAV	2,048.7	1,791.3
Ongoing Charges (annualised)	1.08%	1.13%

1. Excludes acquisition fees of £0.8m (2015: £1.1m).

Ongoing charges, in accordance with AIC guidance, is defined as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted net asset value in the period. On this basis, the Ongoing charges percentage is 1.08% (March 2016: 1.12%) with the small reduction arising from the impact of the £113.4m tap issue in September 2016.

Investment Basis Summary Balance Sheet

	30 September 2016			31 March 2016		
	Investment Basis <i>£million</i>	Consolidation adjustments <i>£million</i>	IFRS Basis <i>£million</i>	Investment Basis <i>£million</i>	Consolidation adjustments <i>£million</i>	IFRS Basis <i>£million</i>
Investments at fair value	2,056.8	66.5	2,123.3	1,932.9	40.8	1,973.7
Working capital	(16.6)	16.1	(0.5)	(11.7)	11.4	(0.3)
Net cash	83.2	(82.6)	0.6	52.7	(52.2)	0.5
Net assets attributable to Ordinary shares	2,123.4	–	2,123.4	1,973.9	–	1,973.9
NAV per share (before dividend)	145.7p	–	145.7p	142.2p	–	142.2p
NAV per share (post dividend)	143.8p	–	143.8p	140.3p	–	140.3p

On an Investment Basis, Investments at fair value increased to £2,056.8m (March 2016: £1,932.9m), being the Directors' valuation of £2,189.9m (March 2016: £2,030.3m) net of £133.1m of future investment obligations (March 2016: £97.4m). Further detail on the movement in Investments at fair value is given in the Valuation section of the Investment Adviser's Report.

The Group had net cash, on an Investment Basis, at 30 September 2016 of £83.2m (31 March 2016: net cash of £52.7m), which covers the 1.91p second quarterly interim dividend of £27.8m due for payment at the end of December 2016. The Group expects to invest approximately £40m by December 2016 by completing conditional acquisitions and making loan note subscriptions. An analysis of the movements in net cash is shown in the cashflow analysis below.

On an IFRS basis, Investments at fair value increased to £2,123.3m (March 2016: £1,973.7m), reflecting the Investment Basis movements above as well as a £25.7m increase in the fair value of the Fund Subsidiaries as a result of changes in working capital balances. On an IFRS basis, cash and cash equivalents increased to £0.6m (March 2016: £0.5m) as the cash is mainly held in the Fund Subsidiaries.

NAV per share was 145.7p before the 1.91p distribution (31 March 2016: 142.2p). NAV per share has increased 3.5p, of which 1.2p was as a result of the 67m shares issued at a premium in September 2016. The expected NAV growth, being the return attributable to the unwinding of the discount rate, less the dividends paid, was 0.4p.

A reconciliation between the Investment Basis Balance Sheet and the Condensed Unaudited Balance Sheet of the Company can be found on page 26.

Analysis of the Growth in NAV per Share

Pence per share

NAV per share at 31 March 2016¹ 140.3p

Valuation movements

Reduction in discount rates of 0.2%	2.9p
Reduction in long-term deposit rates by 0.5%	(1.2)

1.7p

Portfolio Performance

Project outperformance	0.2p
Expected NAV growth	0.4p

0.6p

Accretive Tap Issuance of Shares

1.2p

Total

3.5p

NAV per share at 30 September 2016¹ 143.8p

1. Post interim dividend declared.

Cashflow Analysis

Investment Basis Summary Cash Flow

	Six months to 30 September 2016 £million	Six months to 30 September 2015 £million
Net cash on Investment Basis at start of period	52.7	33.5
Cash from investments	73.0	70.0 ¹
Operating and finance costs outflow	(12.1)	(11.1)
Net cash inflow before acquisitions/financing	60.9	58.9
Disposal of investments	–	7.2 ²
Cost of new investments	(75.8)	(135.6)
Share capital raised net of costs	112.5	90.5
Forex movement on borrowings/hedging	(18.9)	1.9
Distributions paid:		
Relating to operational investments	(47.4)	(43.9)
Relating to investments in construction	(0.8)	(1.4)
Distributions paid	(48.2)	(45.3)
Net cash on Investment Basis at end of period	83.2	11.1

1 Includes £1.7m profit on disposal based on historic cost.

2. Historic cost of £7.2m and profit on disposal of £1.7m equals the proceeds from disposal of investments of £8.9m.

Financial Results *(continued)*

On an Investment Basis, cash inflows from the portfolio increased to £73.0m (2015: £70.0m). The growth in cash generation was driven by contributions from acquisitions combined with active cash management across the portfolio.

Cost of investments on an Investment Basis of £75.8m (2015: £135.6m) includes the cash cost of four new investments and a loan note subscription on PSBP North East, plus acquisition costs of £0.7m (2015: £1.5m).

On an IFRS basis, interest received from a Fund Subsidiary increased to £51.7m (2015: £47.8m), reflecting cash received to pay dividends to shareholders. Cost of investments of £115.1m (2015: £92.6m) reflects funds paid to Fund Subsidiaries following issuance of equity to shareholders.

The placing of 66.7m Ordinary Shares via a tap issue in September 2016 provided net cash receipts in the year of £112.5m (2015: £90.5m).

The £18.9m cash outflow (2015: £1.9m cash inflow) in foreign exchange rate hedging arises mainly from the weakening of the Sterling in the period. The Group enters forward sales to hedge forex exposure on its foreign investments, in line with the Company's hedging policy.

Dividends paid increased £2.9m to £48.2m (2015: £45.3m) for the period.

Dividend cash cover, which compares operational cash flow of £60.9m (2015: £58.9m) to dividends attributable to operational assets, was 1.28 times (2015: 1.34 times). The proportion of the total dividend attributable to operational assets (98.4%) and construction assets (1.6%) is based on their respective share of the Directors' valuation during the period (rather than at 30 September 2016, as reported elsewhere in the results).

A reconciliation between the Investment Basis Cash Flow and the Condensed Unaudited Cash Flow Statement of the Company can be found on page 27.

Gearing

The Group has a revolving credit facility to £200m provided by HSBC, Lloyds Bank, National Australia Bank, Sumitomo Mitsui Banking Corporation and The Royal Bank of Scotland, which expires in May 2019. This facility is used to fund acquisitions and is on a recourse basis to the Group. The Company's Articles of Incorporation limit the Group's recourse debt to 50% of Adjusted Gross Asset Value of its investments and cash balances.

To manage interest rate risk the Group may, from time to time, use interest rate swaps to convert floating-rate drawings under the Group's credit facility to a fixed rate.

Foreign Exchange Hedging

Foreign exchange risk from non-Sterling assets has been managed, but not eliminated, by hedging investment income from overseas assets through the forward sale of the respective foreign currency (for up to 24 months) combined with balance sheet hedging through the forward sale of Euros, Australian Dollars and Canadian Dollars and by debt drawings under the Group's credit facility. This has minimised the volatility in the Group's NAV from foreign exchange movements. The hedging policy is designed to provide confidence in the near-term yield and to limit NAV per share sensitivity to no more than 1% for a 10% forex movement.

Pro Forma Financial Statement Reconciliations

Below are reconciliations between the Company's IFRS financial statements and the Group's Investment Basis financial statements.

The IFRS financial statements comprise the Company only and all subsidiaries are measured at fair value through profit or loss. The Investment Basis financial statements consolidate the Fund Subsidiaries in the Company's financial statements, while all other subsidiaries are measured at fair value through profit or loss.

All the adjustments in the reconciliations are due to the IFRS 10 Amendments under which the Company cannot consolidate the Fund Subsidiaries. Further details are in Note 2 of the financial statements.

The below reconciliations are for the six months ended 30 September 2016 for the Income Statement and Cash Flow Statement and for the year ended 31 March 2016 for the Balance Sheet.

Further reconciliations for the six months ended 30 September 2015 for the Income Statement and Cash Flow Statement and for the years ended 31 March 2014 and 31 March 2015 for the Balance Sheet can be found on pages 36 to 39.

Unaudited Pro Forma Income Statement for the six months ended 30 September 2016

	Investment Basis £million	Adjustments £million	IFRS Basis £million
Investment income	99.4	(13.2)	86.2
Total income	99.4	(13.2)	86.2
Fund expenses	(12.9)	12.0	(0.9)
Profit before net finance costs and tax	86.5	(1.2)	85.3
Finance costs	(1.0)	1.0	–
Finance income	0.1	(0.1)	–
Profit before tax	85.6	(0.3)	85.3
Income tax expense	(0.3)	0.3	–
Profit for the period	85.3	–	85.3
Attributable to:			
Equity shareholders of the parent	85.3	–	85.3
	85.3	–	85.3
Earnings per share – basic and diluted (pence)	6.1	–	6.1

Financial Results *(continued)*

Unaudited Pro Forma Balance Sheet

at 30 September 2016

	Notes	Investment Basis £million	Adjustments £million	IFRS Basis £million
Non-current assets				
Investments at fair value through profit or loss	1	2,056.8	66.5	2,123.3
Total non-current assets		2,056.8	66.5	2,123.3
Current assets				
Trade and other receivables		1.2	(1.2)	–
Cash and cash equivalents		83.2	(82.6)	0.6
Total current assets		84.4	(83.8)	0.6
Total assets		2,141.2	(17.3)	2,123.9
Current liabilities				
Trade and other payables		(13.6)	13.1	(0.5)
Other current financial liabilities		(4.2)	4.2	–
Total current liabilities		(17.8)	17.3	(0.5)
Total liabilities		(17.8)	17.3	(0.5)
Net assets		2,123.4	–	2,123.4
Equity				
Ordinary Share capital		0.1	–	0.1
Share premium		1,493.2	–	1,493.2
Retained reserves		630.1	–	630.1
Total equity attributable to equity shareholders of the parent		2,123.4	–	2,123.4
Total equity		2,123.4	–	2,123.4
Net assets per Ordinary Share (pence)		145.7	–	145.7

Note 1 to the Unaudited Pro Forma Balance Sheet

	30 September 2016 £million	31 March 2016 £million
Directors' valuation	2,189.9	2,030.3
Less: future commitments (Note 14)	(133.1)	(97.4)
Investments at fair value on Investment Basis	2,056.8	1,932.9
Net Cash in Fund Subsidiaries	82.6	52.2
Working capital in Fund Subsidiaries	(16.1)	(11.4)
Investments at fair value per Condensed Unaudited Balance Sheet	2,123.3	1,973.7

Unaudited Pro Forma Cash Flow Statement

For the six months ended 30 September 2016

	Investment Basis £million	Adjustments £million	IFRS Basis £million
Cash flows from operating activities			
Profit before tax	85.6	(0.3)	85.3
Adjustments for:			
Investment income	(99.4)	13.2	(86.2)
Finance costs	1.0	(1.0)	–
Finance income	(0.1)	0.1	–
Operator acquisition investment fees	0.8	(0.8)	–
Operating cash flow before changes in working capital	(12.1)	11.2	(0.9)
Changes in working capital:			
Decrease in receivables	0.3	(0.3)	–
Decrease in payables	2.3	(2.2)	0.1
Cash flow from operations	(9.5)	8.7	(0.8)
Interest received on bank deposits	0.1	(0.1)	–
Interest paid	(0.8)	0.8	–
Corporation tax paid	(0.1)	0.1	–
Interest received on investments	44.9	6.8	51.7
Dividends received	22.8	(22.8)	–
Fees and other operating income	2.9	(2.9)	–
Loanstock and equity repayments received	2.4	(2.4)	–
Net cash from operating activities	62.7	(11.8)	50.9
Cash flows from investing activities			
Purchases of investments	(75.8)	(39.3)	(115.1)
Net cash used in investing activities	(75.8)	(39.3)	(115.1)
Cash flows from financing activities			
Proceeds from issue of share capital	112.5	–	112.5
Proceeds from issue of loans and borrowings	32.5	(32.5)	–
Repayment of loans and borrowings	(32.5)	32.5	–
Foreign exchange (loss)	(18.9)	18.9	–
Distributions paid to Company shareholders	(48.2)	–	(48.2)
Net cash from/(used in) financing activities	45.4	18.9	64.3
Net increase/(decrease) in cash and cash equivalents	32.3	(32.2)	0.1
Cash and cash equivalents at beginning of period	52.7	(52.2)	0.5
Exchange gains on cash	(1.8)	1.8	–
Cash and cash equivalents at end of period	83.2	(82.6)	0.6



Consolidated Financial Statements

Directors' Statement of Responsibilities

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ["IAS 34"] as adopted by the European Union as required by DTR 4.2.4; and
- the interim management report, comprising the Chairman's Statement, Investment Adviser's Report and Financial Results, includes a fair review of the information required by:
 - a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

I Russell

Chairman

15 November 2016

Independent Review Report to HICL Infrastructure Company Limited

Introduction

We have been engaged by HICL Infrastructure Company Limited ("the Company") to review the condensed set of financial statements ("the financial statements") of the Company in the interim report for the six months ended 30 September 2016 which comprise the Condensed Unaudited Income Statement, Condensed Unaudited Balance Sheet, Condensed Unaudited Statement of Changes in Shareholders' Equity, Condensed Unaudited Cash Flow Statement and the related explanatory notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the DTR of the UK FCA.

As disclosed in Note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements included in this interim report have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the financial statements in the interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements in the interim report for the six months ended 30 September 2016 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Dermot A. Dempsey
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants
Guernsey

15 November 2016

Condensed Unaudited Income Statement

for the six months ended 30 September 2016

		Six months ended 30 September 2016	Six months ended 30 September 2015
		Unaudited £million	*Restated Unaudited £million
	Note		
Investment income	4	86.2	72.3
Total income		86.2	72.3
Fund expenses	5	(0.9)	(0.7)
Profit before net finance costs and tax		85.3	71.6
Profit before tax		85.3	71.6
Profit for the period		85.3	71.6
Attributable to:			
Equity shareholders of the parent		85.3	71.6
		85.3	71.6
Earnings per share – basic and diluted (pence)	8	6.1	5.6

All results are derived from continuing operations. There is no other comprehensive income or expense apart from those disclosed above and consequently a statement of other comprehensive income has not been prepared. The accompanying Notes are an integral part of the financial statements.

*Comparative information has been restated. See Note 2 for details.

Condensed Unaudited Balance Sheet

as at 30 September 2016

		30 September 2016	31 March 2016
	Note	Unaudited £million	*Restated Audited £million
Non-current assets			
Investments at fair value through profit or loss	11	2,123.3	1,973.7
Total non-current assets		2,123.3	1,973.7
Current assets			
Trade and other receivables		–	0.1
Cash and cash equivalents		0.6	0.5
Total current assets		0.6	0.6
Total assets		2,123.9	1,974.3
Current liabilities			
Trade and other payables		(0.5)	(0.4)
Total current liabilities		(0.5)	(0.4)
Total liabilities		(0.5)	(0.4)
Net assets		2,123.4	1,973.9
Equity			
Ordinary Share capital	12	0.1	0.1
Share premium	12	1,493.2	1,376.5
Retained reserves		630.1	597.3
Total equity attributable to equity shareholders of the Company		2,123.4	1,973.9
Total equity		2,123.4	1,973.9
Net assets per Ordinary Share (pence)	9	145.7	142.2

The accompanying Notes are an integral part of these financial statements.

*Comparative information has been restated. See Note 2 for details.

The financial statements were approved and authorised for issue by the Board of Directors on 15 November 2016, and signed on its behalf by:



I Russell
Director



S Evans
Director

Condensed Unaudited Statement of Changes in Shareholders' Equity

for the six months ended 30 September 2016

Six months ended 30 September 2016			
	Attributable to equity shareholders of the Company		
	Share capital and share premium <i>£million</i>	Retained reserves <i>£million</i>	Total shareholders' equity <i>£million</i>
Shareholders' equity at 31 March 2016	1,376.6	597.3	1,973.9
Profit for the period	–	85.3	85.3
Distributions paid to Company shareholders in cash	–	(48.2)	(48.2)
Distributions paid to Company shareholders by scrip issue	–	(4.3)	(4.3)
Total distributions paid to Company shareholders in the period	–	(52.5)	(52.5)
Ordinary Shares issued for cash	113.4	–	113.4
Ordinary Shares issued for scrip dividend	4.3	–	4.3
Total Ordinary Shares issued in the period	117.7	–	117.7
Costs Ordinary Shares issued	(1.0)	–	(1.0)
Shareholders' equity at 30 September 2016	1,493.3	630.1	2,123.4

Six months ended 30 September 2015			
	Attributable to equity shareholders of the Company		
	Share capital and share premium <i>£million</i>	Retained reserves <i>£million</i>	Total shareholders' equity <i>£million</i>
Shareholders' equity at 31 March 2015	1,194.3	538.6	1,732.9
Profit for the period	–	71.6	71.6
Distributions paid to Company shareholders in cash	–	(45.3)	(45.3)
Distributions paid to Company shareholders by scrip issue	–	(3.1)	(3.1)
Total distributions paid to Company shareholders in the period	–	(48.4)	(48.4)
Ordinary Shares issued for cash	91.2	–	91.2
Ordinary Shares issued for scrip dividend	3.1	–	3.1
Total Ordinary Shares issued in the period	94.3	–	94.3
Costs Ordinary Shares issued	(0.7)	–	(0.7)
Shareholders' equity at 30 September 2015	1,287.9	561.8	1,849.7

The accompanying Notes are an integral part of these financial statements.

Condensed Unaudited Cash Flow Statement

for the six months ended 30 September 2016

	Six months ended 30 September 2016	Six months ended 30 September 2015 <i>*Restated</i>
	<i>£million</i>	<i>£million</i>
Cash flows from operating activities		
Profit before tax	85.3	71.6
Adjustments for:		
Investment income	(86.2)	(72.3)
Operating cash flow before changes in working capital	(0.9)	(0.7)
Changes in working capital:		
Increase in payables	0.1	0.1
Cash flow from operations	(0.8)	(0.6)
Interest received on investments	51.7	47.8
Net cash from operating activities	50.9	47.2
Cash flows from investing activities		
Purchases of investments	(115.1)	(92.6)
Net cash used in investing activities	(115.1)	(92.6)
Cash flows from financing activities		
Net proceeds from issue of share capital	112.5	90.5
Distributions paid to Company shareholders	(48.2)	(45.3)
Net cash from/(used in) financing activities	64.3	45.2
Net increase/(decrease) in cash and cash equivalents	0.1	(0.2)
Cash and cash equivalents at beginning of period	0.5	0.7
Cash and cash equivalents at end of period	0.6	0.5

The accompanying Notes are an integral part of these financial statements.

*Comparative information has been restated. See Note 2 for details.

Notes to the Condensed Unaudited Financial Statements

for the six months ended 30 September 2016

1. Reporting Entity

HICL Infrastructure Company Limited (the “Company”) is a company domiciled in Guernsey, Channel Islands, whose shares are publicly traded on the London Stock Exchange. The interim condensed unaudited financial statements of the Company (the “interim financial statements”) as at and for the six months ended 30 September 2016 comprises the Company only. Up to and including 31 March 2016 the Company consolidated three subsidiaries which are no longer consolidated due to a change in IFRS 10 – see Note 2 for details.

The Company and its group invest in infrastructure projects in the United Kingdom, Canada, Europe and Australia.

The statutory accounts for the year ended 31 March 2016 were approved by the Directors on 17 May 2016 and are available from the Company’s Administrator and on the Company’s website www.hicl.com. The auditor’s report on these accounts was unqualified.

2. Key Accounting Policies

(a) Basis of preparation

The interim financial statements were approved by the Board of Directors on 15 November 2016.

The interim financial statements included in this report have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’. The interim financial statements have also been prepared in accordance with the Disclosure and Transparency Rules (“DTR”) of the UK’s Financial Conduct Authority (“FCA”) and in compliance with the Companies (Guernsey) Law, 2008.

The interim financial statements are prepared using accounting policies in compliance with the recognition and measurement requirements of International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) using the historical cost basis, except that the financial instruments classified as Investments at fair value through profit and loss and derivative financial instruments are stated at their fair values.

The Company is judged to be an investment entity and its portfolio of investments is classified as Investments at fair value through profit and loss and stated at their fair values.

The Company has three fund level subsidiaries being HICL Infrastructure S.a.r.l. 1, HICL Infrastructure S.a.r.l. 2 and Infrastructure Investments Limited Partnership (each a “Fund Subsidiary” and together “Fund Subsidiaries”). The Company and its Fund Subsidiaries together form the “Group”.

The interim financial statements are presented in Sterling, which is the Company’s functional currency.

The Chief Operating Decision Maker (the “CODM”) is of the opinion that the Company is engaged in a single segment of business, being investment in infrastructure.

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they consider it appropriate to adopt the going concern basis of accounting in preparing the interim report.

The Company’s financial performance does not suffer materially from seasonal fluctuations.

(b) Change in accounting policy

The Company has applied Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS27) and in these interim financial statements it has for the first time applied Investment Entities: Applying the Consolidation Exemption (Amendment to IFRS 10, IFRS 12 and IAS 28) – this amendment was issued in December 2014 and adopted by the EU in September 2016.

The effect of applying the latest amendment is that the Company cannot consolidate subsidiaries that are themselves judged to be investment entities and as a result the Fund Subsidiaries are no longer consolidated but instead included in Investments at fair value through profit or loss.

The change in accounting has not affected the Profit for the period or Net assets of the Company in this period or in comparative periods.

A reconciliation for the financial statements for the current period comparing the current IFRS basis with the previous basis, which is designated the Investment Basis, is shown in the Financial Results section on pages 25 to 27.

Notes to the Condensed Unaudited Financial Statements *(continued)*

for the six months ended 30 September 2016

2. Key Accounting Policies *(continued)*

Comparatives

Below is a reconciliation for each of the income statement and cash flow as reported originally for 30 September 2015 compared to the restated results for September 2015 as well as a reconciliation for the balance sheet as reported originally for 31 March 2016 and 31 March 2015 compared to the restated results.

The movements shown in the adjustments column are all as a result of the adoption of Investment Entities: Applying the Consolidation Exemption (Amendment to IFRS 10, IFRS 12 and IAS 28). The impact on the accounts of adopting the current IFRS basis, as opposed to the Investments Basis, can be summarised as follows:

Income Statement

As discussed on page 21 of the interim statement, fund expenses previously reported in the Consolidated Income Statement included fees payable to the Investment Adviser (see Note 13 for further details). These expenses are incurred by a Fund Subsidiary whose results are no longer consolidated within the financial statements of the Company.

Balance Sheet

The increase in the Investments at fair value on the balance sheet is a result of now including the fair value of the Fund Subsidiaries within this amount, including cash and working capital balances at the period end.

The reduction in cash and cash equivalents is due to the Fund Subsidiaries no longer being consolidated within the results of the Company. The Group's treasury function is undertaken by a Fund Subsidiary, which receives distributions from the Group's investment portfolio.

Cash Flow Statement

The Net cash from operating activities for the Company is lower on the restated basis because the only funds distributed to the Company are those to enable the Company to pay dividends and meet its sundry expenses.

Restated Condensed Unaudited Income Statement for the six months ended 30 September 2015

	Original £million	Adjustments £million	Restated £million
Investment income	83.2	(10.9)	72.3
Total income	83.2	(10.9)	72.3
Fund expenses	(11.7)	11.0	(0.7)
Profit before net finance costs and tax	71.5	0.1	71.6
Finance costs	(1.0)	1.0	–
Finance income	1.2	(1.2)	–
Profit before tax	71.7	(0.1)	71.6
Income tax expense	(0.1)	0.1	–
Profit for the period	71.6	–	71.6
Attributable to:			
Equity shareholders of the Company	71.6	–	71.6
	71.6	–	71.6
Earnings per share – basic and diluted (pence)	5.6	–	5.6

2. Key Accounting Policies *(continued)*

Restated Condensed Unaudited Balance Sheet as at 31 March 2016

	Original £million	Adjustments £million	Restated £million
Non-current assets			
Investments at fair value through profit or loss	1,932.9	40.8	1,973.7
Total non-current assets	1,932.9	40.8	1,973.7
Current assets			
Trade and other receivables	1.5	(1.4)	0.1
Other financial assets	0.2	(0.2)	–
Cash and cash equivalents	52.7	(52.2)	0.5
Total current assets	54.4	(53.8)	0.6
Total assets	1,987.3	(13.0)	1,974.3
Current liabilities			
Trade and other payables	(11.3)	10.9	(0.4)
Other current financial liabilities	(2.1)	2.1	–
Total current liabilities	(13.4)	13.0	(0.4)
Total liabilities	(13.4)	13.0	(0.4)
Net assets	1,973.9	–	1,973.9
Equity			
Ordinary Share capital	0.1	–	0.1
Share premium	1,376.5	–	1,376.5
Retained reserves	597.3	–	597.3
Total equity attributable to equity shareholders of the Company	1,973.9	–	1,973.9
Total equity	1,973.9	–	1,973.9
Net assets per Ordinary Share (pence)	142.2	–	142.2

Notes to the Condensed Unaudited Financial Statements *(continued)*

for the six months ended 30 September 2016

2. Key Accounting Policies *(continued)*

Restated Condensed Unaudited Balance Sheet as at 1 April 2015

	Original <i>£million</i>	Adjustments <i>£million</i>	Restated <i>£million</i>
Non-current assets			
Investments at fair value through profit or loss	1,709.7	22.7	1,732.4
Total non-current assets	1,709.7	22.7	1,732.4
Current assets			
Trade and other receivables	0.7	(0.6)	0.1
Other financial assets	1.9	(1.9)	–
Cash and cash equivalents	33.5	(32.8)	0.7
Total current assets	36.1	(35.3)	0.8
Total assets	1,745.8	(12.6)	1,733.2
Current liabilities			
Trade and other payables	(12.3)	12.0	(0.3)
Other current financial liabilities	(0.6)	0.6	–
Total current liabilities	(12.9)	12.6	(0.3)
Total liabilities	(12.9)	12.6	(0.3)
Net assets	1,732.9	–	1,732.9
Equity			
Ordinary Share capital	0.1	–	0.1
Share premium	1,194.2	–	1,194.2
Retained reserves	538.6	–	538.6
Total equity attributable to equity shareholders of the Company	1,732.9	–	1,732.9
Total equity	1,732.9	–	1,732.9
Net assets per Ordinary Share (<i>pence</i>)	136.7	–	136.7

2. Key Accounting Policies *(continued)*

Restated Condensed Unaudited Cash Flow Statement for the six months ended 30 September 2015

	Original £million	Adjustments £million	Restated £million
Cash flows from operating activities			
Profit before tax	71.7	(0.1)	71.6
Adjustments for:			
Investment income	(83.2)	10.9	(72.3)
Finance costs	1.0	(1.0)	–
Finance income	(1.2)	1.2	–
Operator acquisition investment fees	1.1	(1.1)	–
Operating cash flow before changes in working capital	(10.6)	9.9	(0.7)
Changes in working capital:			
Decrease in receivables	0.3	(0.3)	–
Decrease in payables	(0.3)	0.4	0.1
Cash flow from operations	(10.6)	10.0	(0.6)
Interest received on bank deposits	0.1	(0.1)	–
Interest paid	(0.8)	0.8	–
Interest received on investments	47.0	0.8	47.8
Dividends received	13.5	(13.5)	–
Fees and other operating income	3.5	(3.5)	–
Loanstock and equity repayments received	4.3	(4.3)	–
Net cash from operating activities	57.0	(9.8)	47.2
Cash flows from financing activities			
Proceeds from sale of investments	8.9	(8.9)	–
Purchases of investments	(135.6)	43.0	(92.6)
Net cash used in investing activities	(126.7)	34.1	(92.6)
Cash flows from financing activities			
Proceeds from issue of share capital	90.5	–	90.5
Proceeds from issue of loans and borrowings	58.7	(58.7)	–
Repayment of loans and borrowings	(31.9)	31.9	–
Distributions paid to Company shareholders	(45.3)	–	(45.3)
Net cash from/(used in) financing activities	72.0	(26.8)	45.2
Net increase/(decrease) in cash and cash equivalents	2.3	(2.5)	(0.2)
Cash and cash equivalents at beginning of period	33.5	(32.8)	0.7
Exchange gains on cash	1.8	(1.8)	–
Cash and cash equivalents at end of period	37.6	(37.1)	0.5

Notes to the Condensed Unaudited Financial Statements *(continued)*

for the six months ended 30 September 2016

3. Financial Instruments

Fair value hierarchy

The fair value hierarchy is defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	30 September 2016			Total £million
	Level 1 £million	Level 2 £million	Level 3 £million	
Investments at fair value through profit or loss (Note 11)	–	–	2,123.3	2,123.3
	–	–	2,123.3	2,123.3

	31 March 2016 Restated			Total £million
	Level 1 £million	Level 2 £million	Level 3 £million	
Investments at fair value through profit or loss (Note 11)	–	–	1,973.7	1,973.7
	–	–	1,973.7	1,973.7

There were no transfers between Level 1, 2 or 3 during the period.

Level 3

Valuation methodology

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. All investments in PPP or similar projects are valued using a discounted cashflow methodology. The valuation techniques and methodologies have been applied consistently with those used in the prior period. This valuation uses key assumptions which are benchmarked from a review of recent comparable market transactions in order to arrive at a fair market value. Valuations are performed on a six monthly basis every September and March for all investments.

For the valuation of investments, the Directors have also obtained an independent opinion from a third party with experience in valuing these types of investments, supporting the reasonableness of the valuation.

Investments – the key valuation assumptions and sensitivities for the valuation are:

Discount rates

Judgement is used in arriving at the appropriate discount rate for each investment based on the Investment Adviser's knowledge of the market, taking into account intelligence gained from bidding activities, discussions with financial advisers knowledgeable of these markets and publicly available information on relevant transactions.

The discount rate used for valuing each infrastructure investment vary project-by-project and takes into account risks and opportunities associated with the project earnings (e.g. predictability and covenant of the concession income), all of which may be differentiated by project phase, and market appetite for these risks.

The discount rates used for valuing the projects in the portfolio are as follows:

Period ending	Range	Weighted average
30 September 2015	7.3% to 10.4%	7.7%
31 March 2016	7.0% to 10.1%	7.5%
30 September 2016	6.5% to 9.9%	7.3%

3. Financial Instruments *(continued)*

A change to the weighted average rate of 7.3% by plus or minus 0.5% has the following effect on the valuation:

Discount rate	-0.5% change	Investments at fair value through profit or loss	+0.5% change
March 2016	+£101.5m	£1,973.7m	-£93.7m
September 2016	+£108.4m	£2,123.3m	-£100.1m
Implied change in NAV per Ordinary Share¹ – September 2016 (March 2016)	+7.4 pence (+7.3 pence)	145.7 pence (142.2 pence)	-6.9 pence (-6.7 pence)

1. Net Asset Value per Ordinary Share based on 1,457.7 million Ordinary Shares as at 30 September 2016.

Inflation rates

All projects in the portfolio have contractual income streams with public sector clients, which are rebased every year for inflation. UK projects tend to use either RPI (Retail Price Index) or RPIx (RPI excluding mortgage payments), and revenues are either partially or totally indexed (depending on the contract and the nature of the project's financing). Facilities management sub-contracts have similar indexation arrangements.

The portfolio valuation assumes long term UK inflation of 2.75% per annum for both RPI and RPIx. For non-UK investments, long term CPI of 2.0% per annum is used for Netherlands, Ireland, Canada and France, and 2.5% for Australia. The near term inflation assumption to March 2018 in the Eurozone is 1.0% per annum. These are the same assumptions used at 31 March 2016.

A change to the inflation rate by plus or minus 0.5% has the following effect on the valuation:

Inflation assumption ¹	-0.5% p.a. change	Investments at fair value through profit or loss	+0.5% p.a. change
March 2016	-£65.3m	£1,973.7m	+£72.0m
September 2016	-£72.0m	£2,123.3m	+£76.1m
Implied change in NAV per Ordinary Share² – September 2016 (March 2016)	-4.9 pence (-4.7 pence)	145.7 pence (142.2 pence)	+5.2 pence (+5.2 pence)

1. Analysis is based on the Group's 20 largest investments, pro-rata for the whole portfolio.

2. Net Asset Value per Ordinary Share based on 1,457.7 million Ordinary Shares at 30 September 2016.

Deposit rates

Each project in the portfolio has cash held in bank deposits, which is a requirement of its senior debt financing. As at 30 September 2016 cash deposits for the portfolio were earning interest at a rate of 0.4% per annum on average.

The September 2016 portfolio valuation assumes UK deposit interest rates are 1% p.a. to March 2020 and 2.0% p.a. thereafter – a 0.5% reduction in long term rate compared to the assumption used at 31 March 2016.

Each project's interest costs are either inflation-linked or fixed rate. This is achieved through fixed rate or inflation-linked bonds, or bank debt which is hedged with an interest rate swap. A project's sensitivity to interest rates relates to the cash deposits required as part of the project funding.

A change to the deposit rate by plus or minus 0.5% has the following effect on the valuation:

Cash deposit rate Base case is 1.0% p.a. to March 2020, then 2.0% p.a.	-0.5% p.a. change	Investments at fair value through profit or loss	+0.5% p.a. change
March 2016	-£24.5m	£1,973.7m	+£23.2m
September 2016	-£24.6m	£2,123.3m	+£24.9m
Implied change in NAV per Ordinary Share^{1,2} – September 2016 (March 2016)	-1.7 pence (-1.8 pence)	145.7 pence (142.2 pence)	+1.7 pence (+1.7 pence)

1. Analysis is based on the Group's 20 largest investments, pro-rata for the whole portfolio.

2. Net Asset Value per Ordinary Share based on 1,457.7 million Ordinary Shares as at 30 September 2016.

Notes to the Condensed Unaudited Financial Statements *(continued)*

for the six months ended 30 September 2016

3. Financial Instruments *(continued)*

Tax rates

The profits of each UK project company are subject to UK corporation tax which was 20% at 31 March 2016. Further reductions to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted in September 2016.

The UK corporation tax assumption for the portfolio valuation at 30 September 2016 was 20% to March 2017, 19% to March 2020 and 18% thereafter, unchanged from the assumption at 31 March 2016.

A change to the tax rate by plus or minus 1.0% has the following effect on the valuation:

Tax rate assumption ¹	-1% p.a. change	Investments at fair value through profit or loss	+1% p.a. change
March 2016	+£13.5m	£1,973.7m	-£13.4m
September 2016	+£14.3m	£2,123.3m	-£14.0m
Implied change in NAV per Ordinary Share² – September 2016 (March 2016)	+1.0 pence (+1.0 pence)	145.7 pence (142.2 pence)	-1.0 pence (-1.0 pence)

1. Analysis is based on the Group's 20 largest investments, pro-rata for the whole portfolio.

2. Net Asset Value per Ordinary Share based on 1,457.7 million Ordinary Shares at 30 September 2016.

Foreign exchange

The Company's hedging policy is designed to provide confidence in the near-term yield and to limit NAV per share sensitivity to no more than 1% for a 10% forex movement.

A change to foreign currency/Sterling exchange by plus or minus 5.0% has the following effect on the valuation:

Foreign Exchange sensitivities ¹	-5% change	Investments at fair value through profit or loss	+5% change
March 2016	-£5.5m	£1,973.7m	+£5.5m
September 2016	-£2.7m	£2,123.3m	+£2.7m
Implied change in NAV per Ordinary Share² – September 2016 (March 2016)	-0.2 pence (-0.4 pence)	145.7 pence (142.2 pence)	+0.2 pence (+0.4 pence)

1. Analysis is based on the Group's 20 largest investments, pro-rata for the whole portfolio net of foreign exchange hedging.

2. Net Asset Value per Ordinary Share based on 1,457.7 million Ordinary Shares as at 30 September 2016.

4. Investment Income

	Six months ended 30 September 2016	Six months ended 30 September 2015
	£million	Restated £million
Interest from investments	51.7	48.0
Gains on investments	34.5	24.3
	86.2	72.3

On an Investment Basis, Investment income for the six months ended 30 September 2016 was £99.4 million (2015: £83.2 million), the difference being attributable to fund expenses, including fees payable to the Investment Adviser, by a Fund Subsidiary whose results are no longer consolidated within the financial statements of the Company. The reconciliation between the above IFRS basis and Investment Basis is shown in the Financial Results.

5. Fund Expenses

	Six months ended 30 September 2016	Six months ended 30 September 2015 <i>Restated</i>
	<i>£million</i>	<i>£million</i>
Fees paid to auditor and its associates	0.1	0.1
Investment Adviser fees	0.1	0.1
Directors' fees (Note 13)	0.2	0.2
Professional fees	0.5	0.3
	0.9	0.7

On an Investment Basis, Fund expenses for the six months ended 30 September 2016 are £12.9 million (2015: £11.7 million), the difference being the costs incurred by the Company's Fund Subsidiaries. The reconciliation from the above IFRS basis to the Investment Basis is shown in the Financial Results.

The Company had no employees during the period (31 March 2016: Nil).

6. Net Finance Income

In the six months ended the Company had de minimus net finance income consisting of interest earned on bank deposits offset by some bank charges.

On an Investment Basis, the Group incurred net finance costs of £0.9 million (2015: 0.9 million), the difference being finance costs payable by a Fund Subsidiary whose results are no longer consolidated within the financial statements of the Company. The reconciliation from the above IFRS basis to the Investment Basis is shown in the Financial Results.

7. Income Tax

Guernsey

Under the current system of taxation in Guernsey, the Company itself is exempt from paying taxes on income, profits or capital gains. Therefore, income from investments is not subject to any further tax in Guernsey.

Overseas tax jurisdictions

The interim financial statements do not include the tax charges for any of the Group's 112 investments or intermediate companies as these are held at fair value. All of these investments and intermediate companies are subject to taxes in the countries in which they operate.

8. Earnings per Share

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of Ordinary Shares in issue during the period.

	Six months ended 30 September 2016	Six months ended 30 September 2015
Profit attributable to equity holders of the Company	£85.3 million	£71.6 million
Weighted average number of Ordinary Shares in issue	1,390.7 million	1,288.1 million
Earnings per Ordinary Share – basic and diluted	6.1 pence	5.6 pence

Notes to the Condensed Unaudited Financial Statements *(continued)*

for the six months ended 30 September 2016

9. Net Assets per Ordinary Share

	30 September 2016 <i>£million</i>	31 March 2016 <i>£million</i>
Shareholders' equity	2,123.4	1,973.9
Less: second interim dividend (2016: fourth interim dividend)	(27.8)	(26.0)
	2,095.6	1,947.9
Number of shares (million)	1,457.7	1,388.4
Net assets per share after deducting second interim dividend (2016: fourth interim dividend)	143.8p	140.3p
Add second interim dividend (2016: fourth interim dividend)	1.91p	1.87p
Net assets per Ordinary Share	145.7p	142.2p

10. Dividends

	Six months ended 30 September 2016 <i>£million</i>	Six months ended 30 September 2015 <i>£million</i>
Total distributions paid to Company shareholders in the period:		
Fourth quarterly interim dividend for the year ended 31 March 2016 of 1.87p (2015: 1.87p) per share	26.0	23.7
First quarterly interim dividend for the year ended 31 March 2017 of 1.91p (2016: 1.86p) per share	26.5	24.7
	52.5	48.4

The fourth quarterly interim dividend for the year ended 31 March 2016 of £26.0 million, representing 1.87 pence per share, was paid on 30 June 2016. The first quarterly interim dividend for the year ending 31 March 2017 of £26.5 million, representing 1.91 pence per share, was paid on 30 September 2016. Both dividends are included in the condensed unaudited statement of changes in shareholders' equity.

On 10 November 2016 the Board approved a second quarterly interim dividend for the year ending 31 March 2017 of 1.91 pence per share which will result in a total expected distribution of £27.8 million, payable on 30 December 2016. The second quarterly interim dividend is offered to shareholders as a cash payment or alternatively as a scrip dividend, as with previous distributions. The second quarterly interim dividend has not been included as a liability as at 30 September 2016.

	Year ending 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2012
Interim dividend for the 3 month period ending 30 June	1.91p	1.86p	1.81p			
Interim dividend for the 3 month period ending 30 September	1.91p	1.86p	1.81p			
Interim dividend for the 3 month period ending 31 December		1.86p	1.81p			
Interim dividend for the 3 month period ending 31 March		1.87p	1.87p			
Interim dividend for the 6 month period ending 30 September				3.5p	3.425p	3.35p
Interim dividend for the 6 month period ending 31 March				3.6p	3.575p	3.5p
		7.45p	7.3p	7.1p	7.0p	6.85p

11. Investments at Fair Value through Profit or Loss

	30 September 2016	30 March 2016
	<i>£million</i>	<i>Restated £million</i>
Opening balance	1,973.7	1,732.4
Investments in the period	115.1	180.9
Gain on valuation	34.5	60.4
Carrying amount at period end	2,123.3	1,973.7
This is represented by:		
Greater than one year	2,123.3	1,973.7
Carrying amount at period end	2,123.3	1,973.7

Investments in the period reflect funds paid to Fund Subsidiaries following issuance of equity to shareholders.

Refer to Note 3 for the valuation techniques and key model inputs used for determining investment fair values.

The following economic assumptions were used in the discounted cashflow valuations for the six months ended 30 September 2016:

UK inflation rates	2.75%
Eurozone inflation rates	1.0% to March 2018 and 2.0% thereafter
Australia inflation rate	2.5%
Canada inflation rate	2.0%
UK deposit interest rates	1% to March 2020 and 2.0% thereafter
UK corporation tax rate	20% to March 2017, 19% to March 2020, 18% thereafter
Euro/Sterling exchange rate	0.87 for all future periods
Aus\$/Sterling exchange rate	0.59 for all future periods
Can\$/Sterling exchange rate	0.59 for all future periods

The following economic assumptions were used for the year ended 31 March 2016:

UK inflation rates	2.75%
Eurozone inflation rates	1.0% to March 2018 and 2.0% thereafter
Australia inflation rate	2.5%
Canada inflation rate	2.0%
UK deposit interest rates	1% to March 2020 and 2.5% thereafter
UK corporation tax rate	20% to March 2017, 19% to March 2020, 18% thereafter
Euro/Sterling exchange rate	0.74 for all future periods
Aus\$/Sterling exchange rate	0.46 for all future periods
Can\$/Sterling exchange rate	0.50 for all future periods

Notes to the Condensed Unaudited Financial Statements *(continued)*

for the six months ended 30 September 2016

11. Investments at Fair Value through Profit or Loss *(continued)*

The valuation of the Group's portfolio at 30 September 2016 reconciles to the Condensed Unaudited Balance Sheet as follows:

	30 September 2016	31 March 2016
	<i>£million</i>	<i>£million</i>
Directors' valuation	2,189.9	2,030.3
Less: future commitments (Note 14)	(133.1)	(97.4)
Investments at fair value on Investment Basis	2,056.8	1,932.9
Net Cash in Fund Subsidiaries	82.6	52.2
Working capital in Fund Subsidiaries	(16.1)	(11.4)
Investments at fair value per Condensed Unaudited Balance Sheet	2,123.3	1,973.7

Included in the 30 September 2016 Directors' valuation and future commitments is £98.1million (March 2016: £69.0 million) conditional investment commitments to acquire five new investments and two incremental investments (March 2016: one new investment). The commitments are accounted for as a derivative and the fair value reflected in investments at fair value through profit or loss.

Acquisitions

The Group, via its Fund Subsidiaries, made the following acquisitions for the six months ended 30 September 2016:

- In April 2016 the Group acquired a 30% equity and loan interest in the M1-A1 Link Road (Lofthouse to Bramham) DBFO Road project for a total consideration of £14.5 million.
- In April 2016 and June 2016 the Group acquired through two transactions a 75% equity and loan interest in the Hinchingsbrooke Hospital project for a total consideration of £5.3 million through an existing joint venture holding company, Redwood Partnership Ventures 2 Limited in which the Group has a 75% shareholding.
- In May 2016 the Group acquired a 60% equity and loan interest in the Ireland Primary Care Centres project for a total consideration of €11.6 million including a loanstock subscription obligation of €9.5 million in 2018.
- In September 2016 the Group acquired a proportion of the Road Management Services (A13) PLC Index-Linked Guaranteed Secured Bonds 2028 for a total consideration of £50.1 million.

12. Share Capital and Reserves

Ordinary Shares

	30 September 2016	31 March 2016
	<i>million</i>	<i>million</i>
In issue at beginning of period	1,388.4	1,267.7
Issued for cash	66.7	117.1
Issued as a scrip dividend alternative	2.6	3.6
In issue at end of period – fully paid	1,457.7	1,388.4

The holders of the 1,457,706,805 Ordinary Shares (31 March 2016: 1,388,426,479) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Ordinary Share capital and share premium

	30 September 2016	31 March 2016
	<i>£million</i>	<i>£million</i>
Opening balance	1,376.6	1,194.3
Premium arising on issue of Ordinary Shares	117.7	183.7
Costs of issue of Ordinary Shares	(1.0)	(1.4)
Closing balance	1,493.3	1,376.6

Share capital is £145.8 thousand (31 March 2016: £138.8 thousand).

12. Share Capital and Reserves *(continued)*

For the six month period ended 30 September 2016

On 30 June 2016, 1.6 million new Ordinary Shares of 0.01p each fully paid in the Company were issued at a reference price of 162.6p as a scrip dividend alternative in lieu of cash for the fourth quarterly interim dividend in respect of the year ended 31 March 2016.

On 30 September 2016, 1.0 million new Ordinary Shares of 0.01p each fully paid in the Company were issued at a reference price of 175.72p as a scrip dividend alternative in lieu of cash for the first quarterly interim dividend in respect of the year ending 31 March 2017.

In the period ended 30 September 2016, 66.7 million new Ordinary Shares were issued to various institutional investors at an issue price per share (before expenses) of 170.0p.

Retained reserves

Retained reserves comprise retained earnings and the balance of the share premium account, as detailed in the condensed unaudited statement of changes in shareholders' equity.

13. Related Party Transactions

The Investment Adviser to the Company and the Operator of Infrastructure Investments Limited Partnership, the limited partnership through which the Group holds its investments, is InfraRed Capital Partners Limited ("InfraRed").

The total fees charged to the Group by the Operator of Infrastructure Investments Limited Partnership, a Fund Subsidiary, was £10.1 million of which the balance remained payable at the period end (2015: £9.2 million). The total charge for new portfolio investments was £0.8 million of which the balance remained payable at the period end (2015: £1.1 million). The Operator charges and new investment charges are reflected in the fair value of Infrastructure Investments Limited Partnership included in the Company's Investments at fair value through profit or loss and therefore Investment income in the Condensed Unaudited Income Statement is stated net of these costs.

The Investment Adviser fee charged to the Company was £0.1 million (disclosed as Fund expenses in Note 5) of which the balance remained payable at the period end (2015: £0.1 million).

The Directors of the Company, who are considered to be key management, received fees for their services. Their fees were £175,288 (disclosed as Directors' fees in Note 5) in the period (2015: £158,245). One Director also receives fees for serving as Director of the two Luxembourg subsidiaries – the annual fees are £5,000 (2015: £5,000).

All of the above transactions were undertaken on an arm's length basis and there have been no changes in material related party transactions since the last annual report.

14. Guarantees and Other Commitments

As at 30 September 2016 the Group had £133.1 million of commitments for future project investments (31 March 2016: £97.4 million).

The Group also has a contingent commitment of €16.8 million to acquire a further 32% equity and loanstock interest in the N17/N18 Project from existing co-shareholders which is currently expected to occur in 2019, following completion of construction.

15. Events after Balance Sheet Date

The second quarterly interim dividend for the year ended March 2017 of 1.91 pence per share was approved by the Board on 10 November 2016 and is payable on 30 December 2016 to shareholders on the register as at 25 November 2016.

Directors and Advisers

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Sarah Evans
Susie Farnon
Simon Holden
Frank Nelson
Kenneth D. Reid
Chris Russell

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